

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2122-01  
Bill No.: SB 596  
Subject: Open Contracting Act  
Type: Original  
Date: March 12, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations, Department of Conservation, Department of Transportation, Office of Administration - Division of Design and Construction** and the **City of Kansas City** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Department of Natural Resources** assume the proposed legislation would have no direct fiscal impact on their department.

Officials from the **Office of Administration - Division of Purchasing and Materials Management** assume this legislation would prohibit bid specifications and contracts established by public agencies from imposing certain labor requirements on bidders and contractors. The Division of Purchasing currently does not issue bid specifications or award contracts that encourage or require contractors to enter into agreements with labor organizations. Therefore, this legislation would not significantly impact the Division of Purchasing.

Officials from the **Coordinating Board for Higher Education** assume the proposed legislation would have no fiscal impact on their agency. Officials also assume the proposed legislation would have no impact on colleges and universities as, to their knowledge, colleges and universities do not put any requirements on contractors as prohibited in this proposal.

Officials from the **Office of Attorney General** assume the costs related to this proposal are unknown because this proposal may impose attorney fees against the State in contracting cases.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		

**GENERAL REVENUE FUND**

<u>Cost - Office of Attorney General</u>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		

	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></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.

DESCRIPTION

This proposal establishes the "Open Contracting Act" which prohibits public agencies from imposing certain labor requirements as conditions for performing public works.

Public entities procuring products or services or entering into contracts for manufacture of public works shall ensure that their agreements do not bind the other parties to such agreement to labor organizations. Public entities shall not discriminate against such parties who refuse to adhere to agreements with labor organizations. Public entities shall not require such parties to make their employees join or pay dues or fees to a labor organization in excess of costs already paid.

Public entities shall not issue grants or contract for construction projects requiring another party's employees join, become affiliated with, or pay more money to a labor organization. Such entities may exercise authority, as required, to prevent such action by a grant recipient or party to a contract. Any interested party has standing to challenge agreements that violate these provisions.

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

Coordinating Board for Higher Education  
Department of Conservation  
Department of Labor and Industrial Relations  
Department of Natural Resources  
Department of Transportation  
Office of Administration - Division of Design and Construction  
Office of Administration - Division of Purchasing and Materials Management  
Office of Attorney General  
City of Kansas City

**NOT RESPONDING:** St. Louis County



Jeanne Jarrett, CPA  
Director  
March 12, 2001