

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4310-01  
Bill No.: SB 1091  
Subject: Administration, Office of; Contracts and Contractors  
Type: Original  
Date: February 15, 2002

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FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
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>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
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>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Jackson County, St. Louis County, City of St. Louis, and the City of Springfield** did not respond to our fiscal impact request.

Officials from the **City of Kansas City (CKC)** did not respond to our fiscal impact request. However, in response to a similar proposal from a prior session, CKC assumed that the proposed legislation would have no fiscal impact on their agency.

Officials from the **Office of the State Courts Administrator, Department of Labor and Industrial Relations, Department of Conservation, Department of Higher Education, Department of Transportation, Office of Administration - Division of Design and Construction, Truman State University, University of Missouri, and the County of Cole** assume the proposed legislation would have no fiscal impact on their agencies.

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 **Harris–Stowe State College** state related costs of the proposal are undetermined; however, the amount would be excessive and difficult for the college to absorb with the current budget constraints.

Officials from the **Metropolitan Community Colleges (MCC)** assume the proposal suggests that bidders no longer have to comply with the prevailing wage rate guidelines that are currently in effect. If so, MCC assumes the fiscal impact would be significant as they are now involved in a capital improvements campaign of approximately \$50 million over the next five years, much of it contract work which could be impacted by the proposal. MCC states the fiscal impact could be in the millions assuming they could find qualified construction workers to accept the job.

**Oversight** assumes the prevailing wage rate guidelines would be followed and therefore assumes no fiscal impact.

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 2003 (10 Mo.)	FY 2004	FY 2005
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Office of Attorney General</u>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

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.

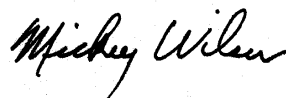
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Coordinating Board for Higher Education  
Department of Conservation  
Department of Labor and Industrial Relations  
Department of Transportation  
Office of Administration - Division of Design and Construction  
Office of Administration - Division of Purchasing and Materials Management  
Office of the State Courts Administrator  
Office of Attorney General  
Harris-Stowe State College  
University of Missouri  
Metropolitan Community Colleges  
Truman State University  
Cole County

NOT RESPONDING

City of Kansas City  
Jackson County  
St. Louis County  
City of St. Louis  
City of Springfield



Mickey Wilson, CPA  
Acting Director

February 15, 2002