

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2881-02
Bill No.: HB 891
Subject: Business and Commerce; Minorities
Type: Original
Date: March 15, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$1,610 to \$2,860)	(\$1,915 to \$3,458)	(\$1,969 to \$3,562)
Total Estimated Net Effect on General Revenue Fund	(\$1,610 to \$2,860)	(\$1,915 to \$3,458)	(\$1,969 to \$3,562)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Governor, Missouri House of Representatives, Office of Administration – Division of Budget and Planning, Division of Purchasing and Materials Management, Department of Economic Development, Department of Natural Resources, Missouri Highway Employees and Patrol Retirement System, Department of Insurance, Public School Retirement System, Department of Labor and Industrial Relations, Department of Higher Education, Missouri Consolidated Health Care Plan, State Treasurer’s Office, Department of Elementary and Secondary Education, Department of Health and Senior Services, State Tax Commission, Office of State Courts Administrator, Public Defender’s Office, Lieutenant Governor’s Office, State Auditor’s Office, Department of Social Services, State Emergency Management, , Missouri Ethics Commission, Department of Public Safety - Water Patrol, Department of Public Safety and Department of Conservation** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Department of Mental Health (DMH)** currently attempts to comply with the Governor’s Executive Order concerning the use of minority businesses for construction projects and the procurement of goods and services. The DMH will continue to do in the future based on the recommendations of the commissions. Therefore, no fiscal impact is anticipated.

ASSUMPTION (continued)

Officials from the **Department of Transportation (MoDOT)** state the Disadvantaged Business Enterprise program (DBE), or one that meets the requirements of 49 CFR Part 26, is the only program that can be used on federally funded construction and consultant contracts. Any attempt to modify the existing DBE program or the goals would endanger federal funding. MoDOT states since the disparity study of 1997 did not include MoDOT products or services, any goals or guidelines based on the study cannot be used in relation to MoDOT activity because there is no evidence of a compelling interest or a disparity.

MoDOT notes therefore, if the Missouri Minority Business Advocacy Commission creates guidelines, goals, or programs based on the disparity study of 1997 and MoDOT is required to operate within those guidelines instead of within the guidelines of the existing DBE Program, MoDOT will be at risk for losing all federal aid funding, currently estimated at \$655 million. This is based on the fact that the United States Department of Transportation has informed MoDOT that any attempt to impose state or local quotas by race or other discriminatory factors on federal aid contracts will result in a potential loss of all federal aid funding for transportation.

MoDOT states if the Missouri Minority Business Advocacy Commission does not require MoDOT to modify our existing DBE program or place other guidelines on MoDOT, there may be negligible to no additional impact. Therefore, MoDOT estimates the impact of this proposal to be \$0 to a loss of \$655 million.

Oversight assumes any loss of federal aid funding related to imposing state or local quotas by race or other discriminatory factors on federal aid contracts is speculative and therefore assigns no fiscal impact to state government.

Officials from the **Office of Administration – Deputy Commissioner’s Office (OA)** assume the proposal would require their agency to provide on-going support staff and funding for the Missouri Minority Business Advocacy Commission (MMBAC). OA assumes they would hire a full-time Senior Office Support Assistant to provide clerical assistance to the Commissioners. OA assumes costs including salary, related fringe benefits, expense and equipment, Commission travel and per diem expenses to be approximately \$42,000 annually.

Oversight inquired of the Department of Economic Development (DED), the current provider of administrative support for the MMBAC, and learned that the MMBAC has been relatively inactive for approximately two to three years. The DED stated there has been little to no support provided to the MMBAC nor expenses paid on their behalf.

Oversight reviewed the mission of the Office of Administration’s Office of Equal Opportunity

ASSUMPTION (continued)

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and found their Supplier Diversity Program to be closely aligned with the MMBAC. **Oversight** assumes the provisions of the proposal will not directly increase the level of output produced by the MMBAC. Therefore, **Oversight** assumes the Office of Administration can absorb any additional impact resulting from passage of this proposal. **Oversight** further assumes OA could request additional funds through the appropriations process if/when the activity level of the MMBAC dictates such need.

Oversight notes the proposal repeals the current \$35 per diem, for members appointed by the Governor, and replaces it with an unestablished amount. **Oversight** assumes the cost related to paying per diems could increase to \$50. **Oversight** assumes the members would meet four (4) times per year for two (2) days per meeting, in Jefferson City. **Oversight** assumes the per diem cost increase for the three (3) members, appointed by the Governor would be (3x\$15x4x2) \$360 annually.

Officials from the **Missouri House of Representatives (MHR)** assume the cost related to the commission would be a per diem of \$76 per day, mileage of \$150, cost of meals \$34 and lodging of \$65. MHR assumes the members would meet three to six times per year. The cost would be from \$1,500 to \$3,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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GENERAL REVENUE

Costs – OA & Missouri House of Representatives

Increase in Per Diem for Members of the Missouri Minority Business Advocacy Commission

<u>(\$1,610 to \$2,860)</u>	<u>(\$1,915 to \$3,458)</u>	<u>(\$1,969 to \$3,562)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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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 bill moves the Missouri Minority Business Advocacy Commission from Section 33.750, RSMo, to Section 37.601 and updates related sections to reflect this change in inter-sectional references.

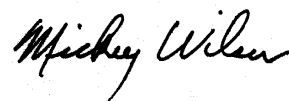
This proposal is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Governor

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Missouri House of Representatives
Office of Administration
 Division of Budget and Planning
 Division of Purchasing and Materials Management
 Deputy Commissioner's Office
Department of Economic Development
Department of Natural Resources
Department of Transportation
Missouri Highway Employees and Patrol Retirement System
Department of Insurance
Public School Retirement System
Department of Labor and Industrial Relations
Department of Higher Education
Missouri Consolidated Health Care Plan
State Treasurer's Office
Department Elementary and Secondary Education
Department of Health and Senior Services
State Tax Commission
Office of State Courts Administrator
Public Defender's Office
State Emergency Management
Missouri Ethics Commission
Department of Public Safety
 Water Patrol
Department of Conservation



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Director
March 15, 2004