

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1642-01
Bill No.: HB 711
Subject: Administration, Office of; Business and Commerce; State Departments
Type: Original
Date: March 15, 2005

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------------|------------------|------------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| General Revenue | (Unknown) | (Unknown) | (Unknown) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (Unknown) | (Unknown) | (Unknown) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Office of Administration - Division of Purchasing and Materials Management** (DPMM) assume this proposal would require DPMM to develop bid language that requires the bidders to certify that only citizens of the United States and persons authorized to work in the United States pursuant to federal law shall be employed in the performance of services under state contracts or any subcontract awarded under the contracts.

Contract costs may increase due to the additional costs incurred by the contractors to recruit and hire only those individuals that meet the stated requirements of this bill. In addition, this would require state agencies to monitor the contractors' staffing to ensure compliance by the contractors.

Oversight assumes that any increased costs resulting from this proposal would be minimal and could be absorbed. If multiple measures are adopted creating additional administrative costs or if unforeseen costs are incurred, they could be addressed through the normal budget process.

ASSUMPTIONS (continued)

Officials from the **Office of Administration, Division of Design and Construction, Division of Information Services, and Office of Information Technology, the Department of Mental Health, the Department of Social Services, and the Department of Transportation** assume the proposal would have no impact on their organizations.

Officials from the **Department of Conservation** assume this proposal would have a minimal impact on their organization.

In response to a similar proposal, officials from the **Office of Administration, Division of Personnel**, assumed the proposal would have no impact on their organization.

In response to a similar proposal, officials from the **Office of the Secretary of State (SOS)** assume the proposal would require that all state service contracts awarded after 8/28/05 include a requirement that employees of contractors be citizens of the United States. This proposal may result in the Office of Administration or Department of Natural Resources promulgating rules to implement this legislation. Those rules would be published in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Office of Administration or Department of Natural Resources could result in as many as 10 pages in the Code of State Regulations. The estimated cost of a page in the Code of State Regulations is \$27. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded, or withdrawn. $((10 \times \$27) + (15 \times \$23) = \$615)$

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTIONS (continued)

In response to a similar proposal, officials from the **Department of Economic Development** (DED) assumed the proposal would amend procurement statutes by adding a section which would require a successful bid winner to employ only citizens of the United States or those qualified to work in the United States.

DED currently lets bids, with the authority of O.A., to acquire the services of contractors to market Missouri goods and services in select foreign countries or markets. Those contractors' services are acquired because they know the companies and markets in their region of the world. Requiring that successful bidders be U.S. citizens or qualified to work in the U.S. would likely add additional but unknown cost to acquiring these services.

DED would anticipate the need for additional funding to contract for services from vendors that could meet the bid criteria. It is unknown what this cost would be but it would be requested through the normal budget cycle.

Oversight assumes there would be unknown additional cost to develop foreign marketing contracts with specifications as required by the proposal.

| <u>FISCAL IMPACT - State Government</u> | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
|---|-------------------------|-------------------------|-------------------------|
| GENERAL REVENUE | | | |
| <u>Cost - Department of economic Development</u> | | | |
| Marketing contracts | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

This proposal could impact small businesses which contract or subcontract to perform services for the State of Missouri.

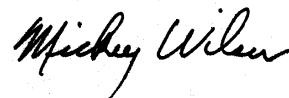
DESCRIPTION

This proposal would require that all state service contracts awarded after 08/28/05 include specifications that employees of contractors or subcontractors be citizens of the US.

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 Administration
 Division of Information Systems
 Office of Information Technology
 Division of Purchasing and Materials Management
 Division of Design and Construction
Department of Conservation
Department of Economic Development
Department of Mental Health
Department of Social Services
Department of Transportation



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March 15, 2005