

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2081-01
Bill No.: HB 955
Subject: Administration, Office of; Contracts and Contractors; State Departments
Type: Original
Date: April 18, 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)

* expected to be less than \$100,000.

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**, and the **Department of Transportation** assume this proposal would not have an impact on the their organizations.

Officials from the **Department of Elementary and Secondary Education**, the **Department of Conservation**, and the **Department of Higher Education** assume this proposal would have no impact on their organizations.

In response to a similar proposal, officials from **Lincoln University** assumed the proposal would have no adverse impact on their current practices.

Officials from **Missouri Western State College, Southwest Missouri State University, the University of Missouri, Central Missouri State University, Nodaway County, the City of Springfield, the Metropolitan Community Colleges, and Moberly Area Community College** assume this proposal would have no impact on their organizations.

ASSUMPTIONS (continued)

In response to a similar proposal, officials from **East Central College, Linn State Technical College, Columbia Public Schools, Parkway School District, the City of Springfield, and Jasper County**, assumed the proposal would have no impact on their organizations.

In response to a similar proposal, officials from **Truman State University** assumed that prevailing wage provisions currently add costs for both the institution and the bidders, primarily due to extra paperwork, etc. The only way to estimate savings under this proposal would be to survey costs for major construction projects in non-prevailing wage states. Typically, half of the cost of construction is labor, so savings could be significant. Eliminating this requirement could bring more competition on bids, particularly from small businesses which may currently be discouraged by the paperwork. There should also be possible staffing reductions at the state level.

Oversight assumes this proposal would not eliminate existing prevailing wage requirements.

In response to a similar proposal, officials from **Platte County** assumed the proposal would reduce public project construction costs by at least fifteen percent.

In response to a similar proposal, officials from the **Department of Public Safety, Missouri Veterans Commission**, assumed the impact of this proposal on their organization would be unknown.

In response to a similar proposal, officials from the **Office of the Attorney General (AGO)** assumed that costs may arise from this proposal if the state were required to pay attorneys' fees after a successful challenge of a government agency decision. The AGO assumes those costs would be less than \$100,000.

Oversight assumes this proposal could have an unknown negative impact on the state General Revenue Fund, but less than \$100,000 per year, and that the state General Revenue Fund would absorb the costs for other state funds. Oversight assumes that any other costs and savings from this proposal would be insignificant.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Costs – Office of Attorney General</u> Attorneys' fees *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
* expected to be less than \$100,000.			

<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 involved in contracting with the state or local governments.

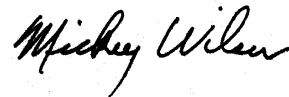
DESCRIPTION

This proposal would establish the Open Contracting Act for state and local public works projects. The proposal would prohibit state and local government agency bidding practices that would require or prohibit bidders, contractors, or subcontractors to enter into or follow agreements with labor organizations.

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 Purchasing and Materials Management
Department of Elementary and Secondary Education
Department of Conservation
Department of Higher Education
Department of Transportation
Missouri Western State College
Southwest Missouri State University
University of Missouri
Central Missouri State University
Metropolitan Community Colleges
Moberly Area Community College
Nodaway County
City of Springfield



Mickey Wilson, CPA
Director
April 18, 2005