

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1920-01
Bill No.: HB 872
Subject: State Attorney General; Contracts and Contractors; Fees
Type: Original
Date: April 6, 2011

Bill Summary: This proposal regulates contingency-fee contracts between state entities and private attorneys.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> 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 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Conservation (MDC)** state the proposal would negatively impact the department's discretion in engaging the services of outside counsel. MDC assumes an unknown fiscal impact to their agency.

In response to a similar proposal from this year (HB 720), officials from the **Department of Natural Resources (DNR)** stated the Office of the Missouri Attorney General directs all litigation to which the state, any agency or official is a party and represents the state's legal position at every level of trial and appellate court. It is impossible to know the number of situations where the Office of the Attorney General would advise the department to retain outside counsel; therefore, the fiscal impact to DNR is unknown.

In response to a similar proposal from this year (HB 720), officials from the **Department of Social Services - Division of Legal Services (DOS)** stated if DOS does not retain counsel on a contingency fee basis, then this statute will have no significant impact on their agency. If DOS decides to retain counsel on a contingency fee basis, at some point in the future this legislation would impact such a decision. One of the options that DOS has to collect delinquent accounts receivable is to retain private lawyers on a contract basis to do the collections. One way to pay private lawyers in collections cases is by a contingency fee. If enacted, this bill would set the baseline for drafting such a contingency fee contract. It would mean that DOS would/could not enter into a contingency fee contract without going through the attorney general. The bill would place "complete control" over the course and conduct of each case with the Attorney General's office. This will reduce the ability of DOS to independently administer a program for debt collection. DOS assumes the long term fiscal impact is speculative and therefore unknown.

Officials from the **Missouri Veterans' Commission** state the fiscal impact is unknown.

ASSUMPTION (continued)

Officials from the **Department of Labor and Industrial Relations, Office of the State Auditor, Department of Health and Senior Services, Department of Transportation, Department of Mental Health, State Tax Commission, Office of Prosecution Services, Office of the State Treasurer, Department of Agriculture, Missouri Lottery Department of Corrections, Department of Higher Education, Department of Elementary and Secondary Education, Missouri Ethics Commission, Department of Economic Development, Office of Administration - Budget and Planning, Office of the State Courts Administrator, Missouri Gaming Commission, Office of the State Public Defender, Office of the Governor, Department of Revenue, Office of the Secretary of State and the Department of Public Safety (Highway Patrol, Capitol Police, Fire Safety, and SEMA)** each assume the proposal would not fiscally impact their respective agencies.

In response to a similar proposal from this year (SB 432), officials from the **Department of Insurance, Financial Institutions and Professional Registration** assumed the proposal would not fiscally impact their agency.

Oversight assumes the proposal will not create a fiscal impact to the state. Oversight assumes agencies that need or desire to hire private attorneys on a contingency fee basis would still be able to, with help and direction from the State Attorney General's Office.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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

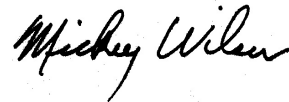
SOURCES OF INFORMATION

Office of the Attorney General
Department of Social Services
Department of Transportation
Department of Natural Resources
Department of Labor and Industrial Relations
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Office of Prosecution Services
State Tax Commission
Department of Conservation
Department of Corrections
Office of the State Treasurer
Department of Agriculture
Department of Higher Education
Missouri Lottery
Department of Elementary and Secondary Education
Department of Public Safety
Department of Economic Development
Office of Administration - Budget and Planning
Office of the State Courts Administrator
Missouri Gaming Commission
Office of the State Auditor
Missouri Ethics Commission
Office of the State Public Defender
Office of the Secretary of State

L.R. No. 1920-01
Bill No. HB 872
Page 6 of 6
April 6, 2011

SOURCES OF INFORMATION (continued)

Office of the Governor
Department of Health and Senior Services
Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Director
April 6, 2011