

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4595-01
Bill No.: HB 1354
Subject: Contracts and Contractors; Business and Commerce; Office of Administration
Type: Original
Date: February 4, 2014

Bill Summary: This proposal changes the laws regarding competitive bidding to include locality of the bidder as a consideration.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| | | | |
| | | | |
| 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 2015 | FY 2016 | FY 2017 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **City of Columbia**, the **City of Jefferson City**, the **City of Kansas City**, the **City of O'Fallon**, the **Department of Conservation**, the **Department of Natural Resources**, the **Francis Howell School District**, the **Fulton School District**, the **Lincoln University**, the **Linn State Technical College**, the **Missouri Western State University**, the **Office of Administration's Division of Purchasing**, the **Office of Administration's Division of Facilities Management, Design and Construction**, the **Special School District**, **St. Louis County** and the **University of Central Missouri** assume there is no fiscal impact from this proposal.

Officials at the **Missouri Department of Transportation (MoDOT)** assume this proposal only affects MoDOT to the extent of those purchases that are governed by the OA statute, namely IT and printing. To that extent, it is hard to determine the fiscal impact as such determination would turn on an analysis of any competing vendors gaining advantage for locality element that would result in award of the contract when the price alone would not. Therefore, it could result in higher pricing/cost to MoDOT for those commodities that MoDOT has to procure through OA.

Officials at the **University of Missouri** assume that if this proposal has an impact it would be less than \$100,000 per year.

Officials at the **Missouri Southern State University** assume the impact is unknown.

Officials at the **Missouri State University** assume this may increase costs for construction if a local contractor was required to be the construction manager. By selecting a local contractor, it would prohibit this contractor from bidding on any of the work to be done which effectively reduces the potential bidders by one. In smaller markets, this would have an impact on competitive bids received and the costs associated with the project.

Officials at the **Northwest Missouri State University** assume an unknown impact, as they don't use construction managers much. However, the impact could not be estimated.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla,

ASSUMPTION (continued)

Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Charleston R-I Schools, Cole R-I Schools, Columbia Public Schools, Fair Grove Schools, Independence Public Schools, Jefferson City Public Schools, Johnson County R-7 Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Malden R-I Schools, Malta Bend Schools, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools and Warren County R-III School District did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Kansas City Metro Community College, Moberly Area Community College, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College and the Truman State University did not respond to **Oversight's** request for fiscal impact.

This proposal is permissive in that it allows consideration based on location but does not require it. Oversight assumes this proposal would not have a fiscal impact.

| <u>FISCAL IMPACT - State Government</u> | FY 2015 (10 Mo.) | FY 2016 | FY 2017 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2015 (10 Mo.) | FY 2016 | FY 2017 |
|---|---------------------|------------|------------|
| | <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

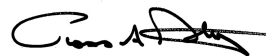
The proposed legislation appears to have no direct fiscal impact.

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

City of Columbia
City of Jefferson City
City of Kansas City
City of O'Fallon
Department of Conservation
Department of Natural Resources
Francis Howell School District
Fulton School District
Lincoln University
Linn State Technical College
Missouri Department of Transportation
Missouri Southern State University
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of Administration
 Division of Facilities Management, Design and Construction
 Division of Purchasing
Special School District
St. Louis County
University of Central Missouri
University of Missouri

Mickey Wilson, CPA
Director
February 4, 2014



Ross Strope

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Assistant Director
February 4, 2014

JH:LR:OD