

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5160-02  
Bill No.: Perfected HCS for HB 1912  
Subject: Counties; County Government; County Officials  
Type: Original  
Date: March 16, 2016

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Bill Summary: This proposal changes the law regarding erection of public buildings so that county commissions no longer need to appoint superintendents for that purpose but can instead contract for services to oversee and direct the execution of a building project.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0 or Less than \$100,000	\$0 or Less than \$100,000	\$0 or Less than \$100,000
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or Less than \$100,000</b>	<b>\$0 or Less than \$100,000</b>	<b>\$0 or Less than \$100,000</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
University Funds	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or (Less than \$100,000)</b>	<b>\$0 or (Less than \$100,000)</b>	<b>\$0 or (Less than \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

§§49.410, 49.420, 49.430, 49.440, 50.660, 50.783, 50.790, 55.161, 64.875

Officials at **Cole County** assume this legislation has potentially both positive and negative fiscal impacts to Cole County. Specifically, the changes to section 50.660.1 that raise the competitive bidding amount requirement would save the County money in advertising for bids. However, the change to the requirement that contracts be in writing and signed by the auditor to only those over \$10,000 has the potential to expose the County to extra liability and negative financial impact, in that it impairs the County's defense in cases where unauthorized employees and officials make purchases that create a financial obligation to the County but which are not in the budget. Cole County has had this situation in the past where individuals made unauthorized purchases of goods and services that exceeded budgetary allotments, and the County was able to defend itself from these claims because the purchases were not in writing signed by the Commission and the County Auditor.

Officials at the **Office of Administration's Division of Facilities Management, Design and Construction** assume no fiscal impact from this proposal.

Officials at **St. Louis County** assume no fiscal impact from this proposal.

In response to a previous version, officials at the **Callaway County Commission** assumed no fiscal impact from this proposal.

§197.315 - House Amendment #1

In response to similar legislation this year, HCS for HB 2441, officials from the **University of Missouri Health Care** stated they have reviewed the proposed legislation and determined that, as written, it will create additional expenses in excess of \$100,000 annually.

**Oversight** notes the provisions at section 197.315.10 provides that the Certificate-of-Need (CON) "application fee is one thousand dollars, or one-tenth of one percent of the total cost of the proposed project, whichever is greater...". In addition, based on available information, it appears the provisions of this proposal would only apply to the University of Missouri Health Care and the Women's and Children's Hospital. For fiscal note purposes only, Oversight is presenting the University of Missouri Health Care and Women's and Children's Hospital costs under "University Funds". This is not intended to indicate that the Health Care System's costs are actual costs to the University.

ASSUMPTION (continued)

**Oversight** assumes the University Health Care System would not plan to purchase additional equipment or build new hospitals on an annual basis in an amount exceeding \$100,000,000 to incur costs greater than \$100,000 annually in Certificate of Need fees (\$100,000,000 project costs X 0.001 = \$100,000). Therefore, Oversight will present the University Health Care System's proposed costs as \$0 or less than \$100,000 annually.

In response to similar legislation this year, HCS for HB 2441, officials from the **Department of Health and Senior Services**, the **Department of Mental Health** and the **Department of Social Services, MO HealthNet Division** and **Division of Legal Services** each assumed the proposal would not fiscally impact their respective agencies.

**Oversight** notes that at the July 2015 Missouri Health Facilities Review Committee meeting, the committee defeated a Certificate of Need application from Fulton Medical Center (in partnership with the University of Missouri) for a 10 bed hospital in southern Columbia. The projected cost of the project was \$36,157,928; therefore, Oversight assumes the applicant paid an application fee (into the General Revenue Fund) of \$36,157. Oversight will assume the fiscal impact of this change will be \$0 or less than \$100,000 per year.

§192.300 - House Amendment #2

In response to similar legislation this year, HCS for HB 1823, officials at the **Department of Natural Resources**, **Department of Health and Senior Services**, and **Department of Agriculture** each assumed this proposal will not have a fiscal impact on their respective organizations.

§473.751 - House Amendment #3

**Oversight** assumes public administrators would only utilize auctions in this proposal if it would benefit their organization. Therefore, Oversight will assume no direct fiscal impact from this proposal.

House Amendment #5

**Oversight** assumes House Amendment #5 removes §139.031 from the bill.

Bill as a whole

Officials at the **Office of the State Courts Administrator** assume no fiscal impact from this proposal.

ASSUMPTION (continued)

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

FISCAL IMPACT - State Government                      FY 2017                      FY 2018                      FY 2019

**GENERAL REVENUE FUND**

Income - DHSS (\$197.315)

CON fees for certain facilities operated by the state	\$0 or Less than <u>\$100,000</u>	\$0 or Less than <u>\$100,000</u>	\$0 or Less than <u>\$100,000</u>
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<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b>\$0 or Less than <u>\$100,000</u></b>	<b>\$0 or Less than <u>\$100,000</u></b>	<b>\$0 or Less than <u>\$100,000</u></b>
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**UNIVERSITY FUNDS**

Costs - State-Operated Hospitals (\$197.315)

Certificate-of-Need application fees	\$0 or (Less than <u>\$100,000)</u>	\$0 or (Less than <u>\$100,000)</u>	\$0 or (Less than <u>\$100,000)</u>
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<b>ESTIMATED NET EFFECT ON UNIVERSITY FUNDS</b>	<b>\$0 or (Less than <u>\$100,000)</u></b>	<b>\$0 or (Less than <u>\$100,000)</u></b>	<b>\$0 or (Less than <u>\$100,000)</u></b>
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FISCAL IMPACT - Local Government                      FY 2017                      FY 2018                      FY 2019  
 (10 Mo.)

**COUNTY FUNDS**

<u>Savings</u> - raises the amount when advertising for bids (\$50.660)	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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<b>ESTIMATED NET EFFECT ON COUNTY FUNDS</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
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### FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses could be expected as a result of this proposal.

### FISCAL DESCRIPTION

This bill eliminates the position of superintendent of county buildings and specifies that the county commission will assume some of the superintendent's duties and the commission can contract for oversight and direction of the execution of a building project.

This bill establishes a minimum threshold of \$10,000 above which contracts and orders must be in writing and must have a matching unencumbered balance in the fund from which it will be made. Currently, all contracts must meet these requirements. This bill increases the threshold from \$6,000 to \$10,000 below which advertising is not required for bid proposals and increases the threshold from \$4,500 to \$10,000 below which bids are not required for purchases from any one person or entity during a fiscal year.

Currently, a county commission may waive competitive bidding when it determines in writing and enters into the commission's minutes that there is only one feasible source for the supply. The commission must post notice for proposed purchases of \$3,000 or more and also advertise in the newspaper for purchases of \$5,000 or more. The bill changes the notice threshold to more than \$5,000 but less than \$10,000, and changes the advertising threshold to \$10,000. The bill changes from a misdemeanor to an infraction a violation by county commissioners of the requirement to obtain a pre-purchase order or requisition, and changes the allowable fine from between \$50 to \$1,000 to \$100.

This bill repeals the requirement that auditors in counties of the first and second classification must countersign all liquor licenses; clarifies that county commissions can amend zoning districts only upon recommendation by the county planning or county zoning commission and only after a hearing by the county commission; and prohibits county collectors or the collector of taxes in the city of St. Louis from issuing a refund or credit for taxes erroneously or mistakenly levied against a taxpayer without authorization from a county commission, board of equalization, or court of competent jurisdiction.

### House Amendment #1

Currently, facilities operated by the state are not required to obtain a certificate of need, appropriation of funds to such facilities by the General Assembly are deemed in compliance with certificate of need provisions, and such facilities are deemed to have received an appropriate certificate of need without payment of any fee or charge. This bill requires hospitals operated by the state and licensed under Chapter 197 to obtain a certificate of need and comply with the other provisions of certificate of need except for Department of Mental Health state-operated psychiatric hospitals.

ASSUMPTION (continued)

House Amendment #2

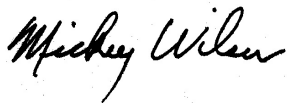
Currently, both county commissions and county health center boards may make and establish orders, ordinances, rules or regulations under certain circumstances, but cannot conflict with any rules or regulations of the Department of Health and Senior Services or the Department of Social Services. This bill would allow only county commissions with the concurrence of the county health center boards to make and establish orders, ordinances, rules or regulations. In addition, those orders, ordinances, rules or regulations cannot conflict with the rules and regulations of the Department of Natural Resources or regulate any structure used for agricultural purposes or activity exclusively in connection with the production, harvesting, storage, drying, or raising of agricultural commodities.

Section 197.315 contains an emergency clause.

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 Facilities Management, Design and Construction  
St. Louis County  
Callaway County Commission  
Cole County  
Department of Health and Senior Services  
Department of Mental Health  
Department of Social Services -  
    MO HealthNet Division  
    Division of Legal Services  
University of Missouri  
Department of Natural Resources  
Department of Agriculture  
Office of the State Public Defender  
Office of Prosecution Services  
Office of the State Courts Administrator  
Department of Corrections  
Department of Public Safety  
    Missouri Highway Patrol



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