

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1321-01  
Bill No.: Perfected HB 598  
Subject: Contracts and Contractors; State Departments; Attorneys; Attorney General  
Type: Original  
Date: April 12, 2017

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Bill Summary: This proposal limits contingency fees a private attorney may receive from contingency fee contracts with the state.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

In response to the unamended bill, officials from the **Attorney General's Office** assumed any potential cost arising from this proposal can be absorbed with existing resources.

In response to the unamended bill, officials from the **Department of Agriculture, Department of Economic Development (Public Service Commission, Office of the Public Council, and the Division of Energy), Department of Higher Education, Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, and the Veterans Commission), Department of Social Services, Office of the Governor, Joint Committee on Administrative Rules, Missouri Department of Conservation, Missouri Ethics Commission, Missouri House of Representatives, Office of the Lieutenant Governor, Office of Prosecution Services, Missouri State Employee's Retirement System, MoDOT & Patrol Employees' Retirement System, Office of Administration (Administrative Hearing Commission and Budget and Planning, General Services and Purchasing), Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, Office of the Secretary of State, Office of the State Public Defender, Office of the State Treasurer and the State Tax Commission** each assumed the proposal will have no fiscal impact on their respective organizations.

### **House Amendment 1:**

Officials from the **Department of Public Safety - State Emergency Management Agency and the Missouri Highway Patrol, the Department of Corrections, the Missouri Consolidated Health Care Plan, the Department of Elementary and Secondary Education, the Department of Labor and Industrial Relations, the Department of Revenue, the Office of the State Courts Administrator, the Department of Insurance, Financial Institutions and Professional Registration, the Missouri Lottery Commission, the Missouri State Employee's Retirement System, the Department of Mental Health, the Department of Health and Senior Services, the Department of Natural Resources, the Department of Transportation and the Joint Committee on Public Retirement** each assume the proposal, as amended, will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

House Amendment 2

Officials from the **Department of Transportation (MoDOT)** assume House Amendment 2 will have an unknown, negative fiscal impact to their department. There will be minimal additional costs to comply with the required reporting requirements. However, the language in House amendment 2 requires a state agency to publish the "dollar rate per hour of each attorney working for the private law firm under the contract", will negatively impact future competitive bid proposals because private law firms usually provide state agencies with a lower per hour fee rate, but publishing this lower fee rate will likely cause the private firms to discontinue giving such fee rate as their private clients will want the same per hour rate. It is unknown the extent of the costs of this proposal.

**Oversight** assumes the MoDOT response is speculative and will not reflect a fiscal impact for the unknown cost the Department assumes it would incur to comply with the required reporting requirements.

In response to a similar proposal from this year (SB 122), officials from the **Office of Administration- Information Technology Services Division** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal from this year (SB 122), officials from the **Office of Administration - Budget and Planning** and the **Department of Economic Development** each deferred to Office of Administration for fiscal impact.

In response to a similar proposal from this year (SB 122), officials from the **Office of the Secretary of State (SOS)** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

**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.

In response to a similar proposal from this year (SB 122), officials from the **Attorney General's Office** assumed any potential cost arising from this proposal can be absorbed with existing resources.

In response to a similar proposal from this year (SB 122), officials from the **Joint Committee on Administrative Rules** stated this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Department of Public Safety - State Emergency Management Agency** and the **Missouri Highway Patrol**, the **Department of Corrections**, the **Missouri Consolidated Health Care Plan**, the **Department of Elementary and Secondary Education**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Office of the State Courts Administrator**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Missouri Lottery Commission**, the **Missouri State Employee's Retirement System**, the **Department of Mental Health**, the **Department of Health and Senior Services**, **Department of Natural Resources** and the **Joint Committee on Public Retirement** each assume the proposal, as amended, will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (SB 122), officials from the **Department of Agriculture**, **Department of Higher Education**, **Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri National Guard, and the Veterans Commission)**, **Department of Social Services**, **Office of the Governor**, **Missouri Department of Conservation**, **Missouri Ethics Commission**, **Missouri House of Representatives**, **Office of the Lieutenant Governor**, **Department of Transportation**, **Office of Prosecution Services**, **Missouri State Employee's Retirement System**, **MoDOT & Patrol Employees' Retirement System**, **Office of Administration (Administrative Hearing Commission, Accounting Division, Purchasing Division)**, **Office of the State Auditor**, **Missouri Senate**, **Office of the State Public Defender**, **Office of the State Treasurer** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<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

Attorney General's Office  
Department of Agriculture  
Department of Economic Development  
    Public Service Commission  
    Office of the Public Council  
    Division of Energy  
Department of Elementary and Secondary Education  
Department of Higher Education  
Department of Health and Senior Services  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Natural Resources

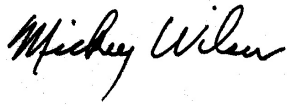
SOURCES OF INFORMATION (continued)

Department of Corrections  
Department of Labor and Industrial Relations  
Department of Revenue  
Department of Public Safety  
    Office of the Director  
    Capitol Police  
    Alcohol & Tobacco Control  
    Fire Safety  
    Gaming Commission  
    Missouri Highway Patrol  
    State Emergency Management Agency  
    Veterans Commission  
Department of Social Services  
Office of the Governor  
Joint Committee on Administrative Rules  
Joint Committee on Public Employee Retirement  
Missouri Lottery Commission  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Missouri Ethics Commission  
Missouri House of Representatives  
Office of the Lieutenant Governor  
Department of Transportation  
Office of Prosecution Services  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Office of Administration  
    Administrative Hearing Commission  
    Office of Administration - Budget and Planning  
    General Services Division  
    Purchasing Division  
Office of the State Courts Administrator  
Office of the State Auditor  
Missouri Senate  
Office of the Secretary of State  
Office of the State Public Defender

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SOURCES OF INFORMATION (continued)

Office of the State Treasurer  
State Tax Commission

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 12, 2017

Ross Strobe  
Assistant Director  
April 12, 2017