

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4187-04
Bill No.: HCS for HB 2179
Subject: Contracts and Contractors
Type: Original
Date: February 17, 2020

Bill Summary: This proposal prohibits public bodies from entering into certain contracts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Colleges and Universities	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Other State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on Other State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Purchasing (OA-Purchasing)** and **Office of Administration - Facilities Management Design and Construction (OA-FMDC)** assume this bill would require OA-Purchasing and OA-FMDC to create a written certification and ensure it is signed by all vendors/contractors/consultants. Because the bill states that the certification is for the "duration of the contract," OA assumes that this certification would only have to be collected once, at the beginning of the contract. Based on this assumption, OA-Purchasing and OA-FMDC believe that the impact of this bill is less than \$10,000 total and would require minimal effort. If further tracking or monitoring is required, additional fiscal impact would result. OA-Purchasing and OA-FMDC assume that this cost will be absorbed with existing resources. However, until the FY21 budget is finalized, specific funding sources cannot be identified.

Officials from the **State Technical College of Missouri** state there would be a negative impact to the College. It would be administratively costly to ensure that all qualified contracts include the new certification.

Oversight assumes that state and local governments as well as colleges and universities could contract with a company that is currently engaged in a boycott of the State of Israel or territories under its control (or fails to comply with the provisions of this act). Oversight assumes that state and local governments would then need to contract with a different company which could potentially be at a higher cost. Therefore, Oversight will range the fiscal impact from \$0 to (Unknown) to state and local governments.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Attorney General's Office (AGO)** assume any additional litigation cost arising from this proposal can be absorbed with existing personnel and resources, however, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this agency.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** assume 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 SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

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 require additional resources.

Officials from the **Department of Natural Resources** and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **Department of Transportation** defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their organization.

In response to similar legislation from this year (SB 739), officials from the **City of Kansas City** assumed the proposal will have no fiscal impact on their organization.

FISCAL IMPACT - State Government	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
Cost - Potentially higher contract costs	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
COLLEGES AND UNIVERSITIES			
Cost - Potentially higher contract costs	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO COLLEGES AND UNIVERSITIES	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
OTHER STATE FUNDS			
Cost - Potentially higher contract costs	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
FISCAL IMPACT - Local Government			
	FY 2021 (10 Mo.)	FY 2022	FY 2023
LOCAL POLITICAL SUBDIVISIONS			
Cost - Potentially higher contract costs	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill prevents any public entity from entering into a contract with a company that is boycotting Israel. The bill makes exceptions for contacts with a total potential value of less than \$100,000 and contractors with fewer than 10 employees. This section shall be known as the "Anti-Discrimination Against Israel Act."

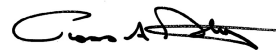
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Transportation
Missouri Department of Conservation
Department of Natural Resources
Attorney General's Office
Office of the Secretary of State
Joint Committee on Administrative Rules
City of Kansas City
State Technical College of Missouri



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February 17, 2020



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February 17, 2020