

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3060-01  
Bill No.: HB 1171  
Subject: Business and Commerce; Contracts and Contractors; Public Buildings  
Type: Original  
Date: January 11, 2002

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
None			
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
None			
<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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Attorney General, Lincoln University, Missouri Western State College, Northwest Missouri State University, Southeast Missouri State University, and Southwest Missouri State University** did not respond to our fiscal impact request.

Officials from the **Departments of Higher Education, Labor and Industrial Relations, Economic Development, University of Missouri, Missouri Southern State College, Harris-Stowe State College, Central Missouri State University, and the Department of Conservation** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Truman State University** state that they are unable to determine the fiscal impact.

Officials from the **Department of Natural Resources (DNR)** state that they work with the Office of Administration - Division of Design and Construction (COA) on any contractor's wishing to bid on state building contracts. Therefore, DNR assumes no fiscal impact as they follow COA's guidance.

Officials from the **Department of Conservation** assume the proposed legislation would have no fiscal impact on their agency since they follow a similar procedure, currently, when checking out contractors.

Officials from the **Office of Administration - Division of Design and Construction (COA)** assume that if this proposal passes, additional time would be required to review bid packages. Based on recent history, four new contractor bid packages would be reviewed each month. The COA assumes they would need to hire a .25 FTE Contract Specialist I to handle additional review time (approximately 14 hours) for each new contractor bid package. The COA estimates that the salary plus the associated expense and equipment would be \$9,579 for FY 2003, \$11,789 for FY 2004, and \$12,089 for FY 2005.

Officials from the **Department of Transportation (DHT)** assume the additional paperwork to be reviewed that will result from this legislation will create a need for at least one full-time employee. DHT assumes they would hire a Clerk (Range 12, Step M) and estimate the salary plus the associated expense and equipment would be \$35,902 for FY 2003, \$35,421 for FY 2004, and \$36,310 for FY 2005.

DHT notes that the Clerk would handle the increased administrative responsibilities of developing

and reviewing forms for new contractors to become pre-qualified to bid generally. Responsibilities  
ASSUMPTION (continued)

would also include communicating with other state agencies to determine those firms which have worked for the state; storing all the new data this proposal would require; making the general pre-qualification determinations; specifically pre-qualifying the new firm to bid on each individual contract; and handling the litigation which may arise in contractors contesting a bid pre-qualification denial.

**Oversight** assumes that the proposed changes to the bid process could be incorporated into the current review procedures for projects with an estimated cost in excess of \$200,000 and could be performed with existing personnel. Therefore, costs associated with the additional FTEs for the COA and the DHT are not included in the fiscal impact sections.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The amount of paperwork required will increase until the small business has an established history working with the state.

DESCRIPTION

The proposed legislation prohibits the state of Missouri or any state construction manager from accepting any bid for any construction or repair project with an estimated cost of more than \$200,000 from a contractor who has not performed work for the state during the preceding five years unless the contractor meets certain minimum qualifications. The qualifications that a contractor must meet include experience and ability to complete the project. All information supplied by the contractor

for determination of minimum qualifications is a closed record.

DESCRIPTION (continued)

DHT noted that this legislation is almost identical to Section 227.105, RSMo.

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 Design and Construction  
Department of Higher Education  
Department of Labor and Industrial Relations  
Department of Economic Development  
Department of Conservation  
Department of Natural Resources  
Department of Transportation  
University of Missouri  
Missouri Southern State College  
Harris-Stowe State College  
Central Missouri State University  
Truman State University

NOT RESPONDING

Office of the Attorney General  
Lincoln University  
Missouri Western State College  
Northwest Missouri State University  
Southeast Missouri State University  
Southwest Missouri State University

L.R. No. 3060-01  
Bill No. HB 1171  
Page 5 of 5  
January 11, 2002

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  
Acting Director

January 14, 2002

KLR:LR:OD (12/01)