

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3718-01
Bill No.: HB 1450
Subject: Administration, Office of; Contracts and Contractors; State Departments
Type: Original
Date: February 28, 2002

FISCAL SUMMARY

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

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from **Boone County, Cape Girardeau County, Greene County, Jackson County, Newton County, City of St. Louis, and City of Rolla** did not respond to our fiscal impact request.

Officials from the **City of Kansas City, City of Springfield, City of St. Joseph, and the Department of Transportation** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Department of Conservation** assume the proposal would have minor fiscal impact on their agency due to additional administrative duties.

Officials from the **Office of Administration – Division of Design and Construction** assume if retentions were continued at their current 10% level, notifying all potentially low bidders within 14 days of bid opening would cost an estimated \$5,000 annually.

Oversight assumes the cost of written notification delivered by certified mail to the general contractor when retainage exceeds 5% could be absorbed and therefore assigns zero fiscal impact.

<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

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

DESCRIPTION

This proposal applies to public contracts and requires that in cases where retainage exceeds 5% of the value of a contract that written notification be given defining the specific reason why the excess retainage is needed. This notification must be signed by the owner and the architect or engineer and delivered by certified mail to the general contractor no less than 14 days following the public bid opening.

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 Conservation
Department of Transportation
City of Kansas City
City of Springfield
City of St. Joseph

NOT RESPONDING

Boone County
Cape Girardeau County
Greene County
Jackson County
Newton County
City of St. Louis
City of Rolla



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Acting Director

March 1, 2002

KLR:LR:OD (12/01)