

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1760-07  
Bill No.: SS for SCS for HS for HB 668 with SA 1, 2, 5 and 6  
Subject: Transportation Department, Transportation; Contracts and Contractors  
Type: Original  
Date: May 8, 2003

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2004    | FY 2005    | FY 2006    |
|   |            |            |            |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |  |   |   |
|---|--|---|---|
| FUND AFFECTED   | FY 2004                                | FY 2005                                 | FY 2006                                 |
| Joint Contingent  | (Unknown greater than \$83,081)        | (Unknown greater than \$138,774)        | (Unknown greater than \$138,774)        |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>(Unknown greater than \$83,081)</b> | <b>(Unknown greater than \$138,774)</b> | <b>(Unknown greater than \$138,774)</b> |

\*Unknown cost for personal services is subject to appropriations

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 2004</b> | <b>FY 2005</b> | <b>FY 2006</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 LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2004</b> | <b>FY 2005</b> | <b>FY 2006</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials with the **Office of State Courts Administrator** assume this proposal would have no fiscal impact on their agency.

Officials with the **Counties of Clay, St. Louis, Cass and Jefferson** assume this proposal would have no fiscal impact on their districts.

**21.795 with SA 1**

This section of the proposal contains provisions that the Joint Committee on Transportation Oversight (JCTO) shall appoint a Director and employ other personnel as it deems necessary. This new office would receive funding from the joint contingent fund.

Officials with **Missouri Senate (SEN)** assumed that cost associated with this proposal could range from \$0 to in excess of \$150,000 per year based upon the staffing plan decided upon and subject to appropriations for said purpose. The agency further assumes that other joint legislative committees with staff typically have a minimum of a director and secretary with total salaries in the \$100,000 range and related ongoing expenses.

ASSUMPTION (continued)

SEN further assumes that expenses of this magnitude could not be absorbed by the current appropriations available in the Joint Contingent appropriation. Whether or not such expenses could be absorbed by the Senate and House contingent appropriations cannot be determined at this time.

Officials with **Department of Transportation (MoDOT)** assume MoDOT currently has an Inspector General position that oversees our internal audits. Therefore, this position would remain in effect. The JCTO Director would be funded with Senate and House Joint Committee funding, until other appropriations are made available

Officials with MoDOT further assume this section could allow JCTO to hire needed staff and there could be significant and on-going requests for information including reports and explanations of inquiries. These additional required items for discussion by the JCTO in Section 21.795.4, could require more frequent reporting. Therefore, MoDOT assumes that one additional Senior Business Specialist will be needed to coordinate information requests/responses for the new JCTO. The salary for this employee is \$44,628 with standard office equipment and expenses.

**Oversight** assumes that MoDOT could handle the additional workload with existing staff.

**Oversight** assumes this section of the could create a director position for the Joint Committee on Transportation Oversight. This position would perform duties as assigned by the JCTO. With information provided by Senate Administration and OA, **Oversight** assumes the following cost could be associated with this proposal.

|                           |          |
|---------------------------|----------|
| Estimated Director Salary | \$60,323 |
| Executive Secretary       | \$33,380 |

Note: The Director could request additional personnel appropriations.

FY 04-Cost (Six Months)

|                          |          |
|--------------------------|----------|
| Salaries (2 FTE)         | \$46,851 |
| Fringe Benefits (40.47%) | \$18,960 |
| Equipment (one time)     | \$10,120 |
| Expenses                 | \$4,150  |
| Travel Expenses          | \$3,000  |

ASSUMPTION (continued)

FY 05-Cost

|                 |          |
|-----------------|----------|
| Salaries        | \$93,703 |
| Fringe Benefits | \$37,921 |
| Expenses        | \$4,150  |
| Travel Expenses | \$3,000  |

**226.030 and 226.033 with SA 2**

These sections of the proposal include provisions relating to the MoDOT Commission members.

No fiscal impact was noted by any responding agencies.

**226.096 including SA 5**

This section of the proposal could require the MoDOT to submit to arbitration where the case involves a highway construction contract dispute over \$25,000..

Officials with MoDOT assume this proposal would provide that any controversy or claim more than \$25,000 on a contract award for highway and bridge projects (probably even design contracts) are to be settled by arbitration. However, both parties at least have to agree to such alternative dispute resolution. MoDOT assumes it could cost a substantial amount of money (Road Fund), but that amount is unknown. A new subsection 2 in section 226.096 is proposed, which would divest from MoDOT its ability to make final decisions in contractor claim matters. Presently, MoDOT is the final authority under construction contracts to decide all questions regarding quality, quantity and acceptability of road building materials as well as the construction work performed. If adopted, this provision could make it extremely difficult to hold final project costs at or near the engineer's estimate. This provision would likely have an unknown, but substantial, negative fiscal impact on the department.

**Oversight** assumes the potential unknown negative impact addressed by MoDOT is speculative in nature. The response addressed the possible secondary effects of the proposal, however, no direct fiscal impact was indicated.

ASSUMPTION (continued)

**238.207, 238.210, 238.215, 238.220, 238.235, 238.236 and 238.222**

These sections of the proposal address the property separated by easements, allow two or more local transportation authorities to form a transportation development district and allow the alternatively formed development district to impose a sales tax contingent upon voter approval.

Officials with the **Department of Revenue (DOR)** assume these sections could authorize political subdivisions to create a transportation development district. However, their agency assumes the language in Section 238.215 is not clear as to who is to administer and collect the tax created for funding the transportation district. If the administration of the tax (Section 238.215) is to be handled by local authorities, this legislation is not in accordance with the Streamline Sales Tax Project (SSTP). Therefore, DOR assumes the responsibility of the collections of the district tax (Section 238.215). DOR assumes 692 hours of programming could be necessary, resulting in a total cost of \$23,085.

**Oversight** notes that this proposal does not name DOR the collector of this local sales tax and additional program changes would not be needed. With further information from DOR, **Oversight** notes that SSTP is not a federal mandate.

**238.226 with SA 6**

This section of the proposal has provisions for local transportation districts as well as the separation of trust funds when more than one entity is involved in a condemnation case.

Officials with MoDOT assume that SA 6 could create additional trials for condemnation cases since each ownership must be separated. This could create an unknown fiscal impact on the Road Fund. In the billboard cases, separating out the particular damages to be assessed for their individual billboards could result in the billboard values being assessed under the income multiplier approach, which will likely have a substantial negative fiscal impact on MoDOT's Road Fund.

**Oversight** assumes that MoDOT's response to this section is speculative in nature and no direct fiscal impact was noted.

| <u>FISCAL IMPACT - State Government</u>                   | FY 2004<br>(10 Mo.)                                   | FY 2005  | FY 2006  |
|---|---|--|--|
| <b>JOINT CONTINGENT FUND</b>                              |   |  |  |
| <u>Cost</u>   |   |  |  |
| Personal Service (2 FTE)                                  | (Unknown<br>greater than<br>\$46,851)                 | (Unknown<br>greater than<br>\$93,703)                  | (Unknown<br>greater than<br>\$93,703)                  |
| Fringe Benefits   | (Unknown<br>greater than<br>\$18,960)                 | (Unknown<br>greater than<br>\$37,921)                  | (Unknown<br>greater than<br>\$37,921)                  |
| Expense and Equipment                                     | (Unknown<br>greater than<br>\$17,270)                 | (Unknown<br>greater than<br>\$7,150)                   | (Unknown<br>greater than<br>\$7,150)                   |
| <u>Total Cost</u>   | (Unknown<br>greater than<br>\$83,081)                 | (Unknown<br>greater than<br>\$138,774)                 | (Unknown<br>greater than<br>\$138,774)                 |
| <b>NET ESTIMATED EFFECT ON<br/>JOINT CONTINGENT FUND*</b> | <b><u>(Unknown<br/>greater than<br/>\$83,081)</u></b> | <b><u>(Unknown<br/>greater than<br/>\$138,774)</u></b> | <b><u>(Unknown<br/>greater than<br/>\$138,774)</u></b> |

\*Unknown cost for personal services subject to appropriations.

| <u>FISCAL IMPACT - Local Government</u> | FY 2004<br>(10 Mo.) | FY 2005    | FY 2006    |
|---|---------------------|------------|------------|
|   | <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 contains provisions that the Joint Committee on Transportation Oversight shall appoint a Director and employ other personnel as it deems necessary.

This proposal modifies the terms of the State Highway and Transportation Commission members.

This proposal could require the Department of Transportation to submit to arbitration where the case involves a highway construction contract dispute over \$25,000.

This proposal addresses the property separated by easements or rights-of-way and shall be considered contiguous for transportation development district purposes.

This proposal could allow two or more local transportation authorities which have adopted a resolution calling for the joint establishment of a district to form a transportation development district.

The proposal could allow the alternatively formed development district to impose a sales tax contingent upon voter approval.

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

Additional rental space could be needed.

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SOURCES OF INFORMATION

Department of Transportation  
Missouri Senate  
Office of State Courts Administrator  
Department of Revenue  
Clay County  
St Louis County  
Cass County  
Jefferson County



Mickey Wilson, CPA  
Director  
May 8, 2003