

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1760-20
Bill No.: Truly Agreed To and Finally Passed CCS for SS for SCS for HS for HB 668
Subject: Transportation Department, Transportation; Contracts and Contractors
Type: Original
Date: May 29, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
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)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown greater than \$83,081)	(Unknown greater than \$138,774)	(Unknown greater than \$138,774)

*Unknown cost for personal services is subject to appropriations

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

From a similar proposal, officials with the **Office of State Courts Administrator** assume this proposal would have no fiscal impact on their agency.

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

21.795

This section of the proposal contains provisions that the Joint Committee on Transportation Oversight (JCTO) shall appoint an inspector general whose office can employ other personnel as it deems necessary. This new office would receive funding from the joint contingent fund and begin January 1, 2004.

From a similar proposal, 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 MoDOT's 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 the office 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 office. 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 proposal could create an inspector general position to serve as executive director of 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 Inspector General Salary	\$60,323
Executive Secretary	\$33,380

Note: The new office 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)

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ASSUMPTION (continued)

FY 05 and FY 06

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

226.030 and 226.033

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

No fiscal impact was noted by responding agencies.

226.033

This section of the proposal has provisions for the transportation commissioners.

No fiscal impact was noted by responding agencies.

226.096

This section of the proposal could require the **Department of Transportation (MoDOT)** to submit to arbitration in certain transportation contract disputes.

Officials with MoDOT assume this section would provide that any controversy or claim more than \$25,000 but less than \$327,000 arising out of any contract relating to the construction or improvement of state highways would be eligible for mandatory binding arbitration at the election of any party. These limits are to be adjusted according to the Implicit Price Deflator for Personal Consumption Expenditures, an inflation index used on the sovereign caps in section 537.610 RSMo. This agency further assumes that this provision could have a significant negative fiscal (Road Fund), but that amount is unknown. As written, mandatory binding arbitration could apply to any contract issued pursuant to subdivision (9) of section 226.130.1. This subdivision (9) is the general contracting statute, which covers the contracting authority of MHTC for construction "and improvement" of state highways. This could significantly broaden the scope of the mandatory binding provisions, which would result in a substantial, negative fiscal impact.

ASSUMPTION (continued)

MoDOT states the new subsection 2 in section 226.096, 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 will 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 indicated by MoDOT addresses the possible indirect effects of the proposal, however, no direct fiscal impact was indicated. These indirect effects could manifest themselves in MoDOT's budget in future years.

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.

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

*Unknown cost for personal services subject to appropriations.

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (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 an Inspector General 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 in some highway construction contract disputes.

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

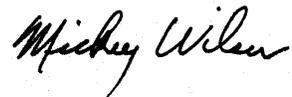
Department of Revenue

Clay County

St Louis County

Cass County

Jefferson County



Mickey Wilson, CPA

Director

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