

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0552-01  
Bill No.: HB 92  
Subject: Contracts and Contractors; Education, Elementary and Secondary; Elementary and Secondary Education Department  
Type: Original  
Date: March 18, 2011

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Bill Summary: This proposal authorizes school districts to enter into design-build contracts for construction projects.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<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 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>Unknown - Could exceed \$100,000</b>	<b>Unknown - Could exceed \$100,000</b>	<b>Unknown - Could exceed \$100,000</b>

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** state this proposal will have no fiscal impact on their agency or school districts.

Officials from the **Department of Labor and Industrial Relations** and the **Department of Insurance, Financial Institutions and Professional Registration** state this proposed legislation will have no fiscal impact on their respective agencies.

Officials from the **Parkway School District** state this proposal could save money for Parkway in the long run, but cannot estimate a specific dollar amount at this time.

Officials from the **Fair Grove School District** assume this proposed legislation would create a great positive impact for schools. The additional cost associated with architectural firms regarding building projects is unwarranted at times. When they lost their high school in the storm of 2009, they rebuilt design-build through their insurance and no change orders and saved hundreds of thousands of dollars.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Savings - School Districts - Construction and related costs</u>	Unknown - Could exceed <u>\$100,000</u>	Unknown - Could exceed <u>\$100,000</u>	Unknown - Could exceed <u>\$100,000</u>
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<b>NET EFFECT OF LOCAL POLITICAL SUBDIVISIONS</b>	<u>Unknown - Could exceed \$100,000</u>	<u>Unknown - Could exceed \$100,000</u>	<u>Unknown - Could exceed \$100,000</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

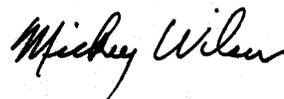
This proposed legislation authorizes any school district to enter into design-build contracts for construction projects. In its main provisions, the proposal:

- (1) Establishes design-build contract procedures for school districts and contractors;
- (2) Allows responsive bidders who are not awarded a contract to receive a reasonable stipend;
- (3) Specifies that a payment bond is required, but the performance bond does not need to cover design services if the contractor or subcontractor providing design services carries professional liability insurance in an amount established by the school district in the request for proposals;
- (4) Requires a district to retain an architect or engineer unless it already retains one; and
- (5) Prohibits the architect or engineer from acting as the design-build contractor or subcontractor for the project.

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

Department of Elementary and Secondary Education  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Labor and Industrial Relations  
School Districts  
    Parkway  
    Fair Grove



Mickey Wilson, CPA  
Director

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