

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0720-02  
Bill No.: SCS for HB 142 with SA 1, SA 2, SA 3, SA 6, SA 7, SA 8, SA 9, SA 10  
Subject: County Officials; County Government; Courts  
Type: Original  
Date: April 27, 2011

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Bill Summary: Modifies provisions relating to county auditors and judicial courts.

**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 9 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>\$15,000 to (Unknown greater than \$100,000)</b>	<b>\$18,000 to (Unknown greater than \$100,000)</b>	<b>\$18,000 to (Unknown greater than \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 55.030

In response to a previous version of the bill (0720-01), officials from the **Office of the State Auditor** and the **County of St. Louis** assumed that there is no fiscal impact from this proposal.

In response to a previous version of the bill (0720-01), officials from the **County of St. Charles** estimated a savings of \$18,000 annually by eliminating fixed asset tracking of small dollar items.

Officials from the **County of Jefferson** and the **County of Jackson** did not respond to **Oversight's** request for fiscal impact.

#### Section 475.115

In response to identical legislation filed this session (HB 88, 377-02), officials from the **Office of the Secretary of State (SOS)** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our -core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to identical legislation filed this session (HB 88, 377-02), officials from the **Office of the State Courts Administrator** assumed the proposal would not fiscally impact the courts.

In response to a similar proposal from 2010 (HB 1676), officials from **Cass County** assumed the proposal would not result in a fiscal impact.

ASSUMPTION (continued)

In response to a similar proposal from 2010 (HB 1676), officials from the **St. Louis County Public Administrator's Office** stated the proposal would not have much effect on existing practice.

In response to a similar proposal from 2010 (HB 1676), officials from **Jackson County** stated the proposal would cost the county \$250,000 due to transporting wards via sheriff's vehicles, increased manpower hours, and vehicle maintenance and fuel.

**Oversight** assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Section 67.319 - SA 2

Officials from the **City of Kansas City** state this proposal may have a cost neutral to positive fiscal impact on the City of Kansas City, Missouri. It is unclear whether the proposed legislation intends to make that responsibility wholly the City's (assuming it adopts such an ordinance), or whether it intends to keep the responsibility with the property owner but provide the City with a mechanism to assist property owners with private line repairs pursuant to a set of rules.

Assuming that the fee is intended to cover all private line repairs, and that the City is intended to make the repairs, it is likely that \$12 per year per residence will be insufficient to cover the additional liability being absorbed by the City on a permanent basis. An annual calculation (including consideration of the current fund balance, past costs, number of repairs, and other related liabilities) must be performed to determine the sufficiency of such a fee, and a corresponding adjustment should be made to the fee charged by the City. If the fund was adequately funded, the fee could be kept the same or lowered. If not, the fee would need to be increased. Without the ability to adjust the fee to accurately reflect the cost and liability exposure of the program, it could have a negative fiscal impact on the City.

The cost of repairs is likely to exceed the amount collected for the repairs. It is unknown how many repairs will be needed. It is also unknown the complexity of and cost associated with each repair.

The City may suffer additional liability for property damage if property owners successfully argue that: the City had a duty to make repairs; that it breached that duty by not making repairs quickly enough to avoid harm; and that the owner's property was thereby damaged. It is unlikely that the City will be able to make all desired repairs upon demand, but will need to establish a priority system.

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ASSUMPTION (continued)

The proposed legislation spells out what to do if funds have been collected but not spent in a given year. It does not address how to handle a situation where necessary repairs exceed the amount of money collected.

The fee must receive voter approval before it could be implemented; therefore, **Oversight** assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.

Section 67.314 - SA 6

In response to a similar proposal from this session (SB 249, 1262-02), officials at the **Office of Administration** assumed this proposal requires OA to develop a central repository “at no cost to the state”. The development of a repository for state and local projects could require additional significant resources. These costs are unknown. A specific estimate cannot be determined in the time-frame required to respond to the fiscal note request, as a systems analysis is necessary as well as a better understanding of the intent of the language.

Officials at the **City of Kansas City** assume a negative fiscal impact in an indeterminate amount because the legislation would result in higher administrative costs and unknown financial consequences of delaying the opening bids and subsequent commencement of a project.

In response to a similar proposal from this session (SB 249, 1262-02), officials at the **Linn State Technical College** assumed an unknown impact.

In response to a similar proposal from this session (SB 249, 1262-02), officials at the **City of Jefferson** assumed a cost of \$111,400 annually.

In response to a similar proposal from this session (SB 249, 1262-02), officials at the **Boone County** and **Clay County** assumed an unknown increase in costs.

**Oversight** assumes this proposal clearly states that the requirements of the creation of the central repository should be of no cost to the state. Oversight assumes this proposal would have no fiscal impact on the state.

**Oversight** assumes that until the central repository is operational the local political subdivisions will need to advertise in newspapers according to this proposal’s guidelines. Due to the number of local political subdivisions affected by this proposal the impact to the locals would be Unknown but over \$100,000 per year.

ASSUMPTION (continued)

SA 1, SA 3, SA 7, SA 8, SA 9, SA 10

**Oversight** assumes there would be no fiscal impact on the state or local governments.

<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**

Savings - St. Charles County

Eliminating fixed asset tracking of small dollar items (§55.030)	\$15,000	\$18,000	\$18,000
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<u>Cost</u> - bidding procedures (§67.314)	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>
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<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<u>\$15,000 to (Unknown over \$100,000)</u>	<u>\$18,000 to (Unknown over \$100,000)</u>	<u>\$18,000 to (Unknown over \$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

### Section 55.030

This bill increases from \$250 to \$1,000 the minimum original value of county property that must be inventoried annually by the auditor in a charter county.

### Section 67.314 - SA 6

This act creates the "Political Subdivision Construction Bidding Standards Act". Except for certain violations, this act does not apply to political subdivisions that have specific state or local competitive bidding requirements that are equivalent or stricter than the ones contained in this act. If a political subdivision is not covered by a specific federal, state, or local law that is equivalent or stricter in its requirements, it shall comply with the advertising and bidding requirements outlined in this act when soliciting bids and awarding contracts of \$25,000, adjusted annually based on the rate of inflation according to the Consumer Price Index, or more.

Contracts for construction shall be advertised in advance of the acceptance of bids. Bids shall be advertised through publication in a central repository developed by the Office of Administration at no cost to the state or for a minimum of two days in an area newspaper, with the first ad appearing at least 30 days in advance of the stated deadline for acceptance of bids. The office of administration shall develop procedures for bids to be placed in a central repository. Ads and solicitations must include the project name, submission deadline, and the time, date, and location of where the bids shall be received and opened. Political subdivisions are required to advertise in newspapers until the office of administration develops a central repository.

Unless otherwise specified by law, a contract shall be awarded to the lowest and best bidder. However, the political subdivision may reject the low bidder based on the bidder's failure to provide a performance or payment bond, nonperformance on previous contracts, or other reasons specified as to the bidder's inability to adequately perform the contract.

Under no circumstances shall construction contracts for any political subdivision be awarded in violation of certain requirements, including opening bids in advance of the advertising deadline, accepting bids that are unwritten, accepting bids after the advertised deadline, and failing to hold bids confidential.

FISCAL DESCRIPTION (continued)

A person submitting a bid may seek equitable relief and monetary damages for monetary losses. If the action is brought more than fifteen business days after the award of the contract, then the only remedy available to the court is to order the contract to be rebid. A person who would have bid on a contract had it been advertised also may seek a court order to have the contract rebid, but only within fifteen days of the date the political subdivision opened the bids.

Electronic bidding shall be allowed if it meets the standards of confidentiality. Nothing in this section shall require acceptance of a bid which exceeds the amount estimated by the political subdivision for the contract. Also, political subdivisions may award contracts without competitive bidding when there is an immediate public danger, to prevent loss to property, or to prevent or restore essential public services. Under such circumstances, the political subdivision must produce a written public record documenting the need to contract without competitive bidding.

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 the State Auditor  
Office of Secretary of State  
Office of State Courts Administrator  
Office of Administration  
City of Kansas City  
City of Jefferson  
County of St. Louis  
County of St. Charles  
County of Cass  
County of Boone  
County of Clay  
County of Jackson  
Linn State Technical College



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Director

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