

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1262-02
Bill No.: SB 249
Subject: Political Subdivisions; Contracts and Contractors
Type: Original
Date: March 8, 2011

Bill Summary: This proposal creates the “Political Subdivision Construction Bidding Standards Act.”

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

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

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	(Unknown over \$100,000)	(Unknown over \$100,000)	(Unknown over \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **City of West Plains, Department of Natural Resources, Lincoln University, Metropolitan Community College, Missouri Department of Conservation, Missouri Department of Transportation, Missouri Southern State University, Missouri State University, Missouri Western State University, Northwest Missouri State University, Office of the State Courts Administrator, Parkway School District, St. Louis County, University of Central Missouri** and the **University of Missouri** assume that there is no fiscal impact from this proposal.

Officials at the **Office of Administration** assume 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.

Officials at the **Linn State Technical College** assume an unknown impact.

Officials at the **City of Jefferson** assume a cost of \$111,400 annually.

Officials at the **Boone County** and **Clay County** assume 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.

Officials at the following counties: Andrew, Barry, Bates, Buchanan, Butler, Callaway, Camden, Cape Girardeau, Carroll, Cass, Cole, Cooper, DeKalb, Franklin, Greene, Hickory, Holt, Jackson,

ASSUMPTION (continued)

Jasper, Jefferson, Johnson, Knox, Laclede, Lafayette, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Pemiscot, Perry, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Texas, Warren, and Webster did not respond to **Oversight's** request for fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Kennett, Kirksville, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Linn, Louisiana, Maryland Heights, Maryville, Mexico, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City and Weldon Spring did not respond to **Oversight's** request for fiscal impact.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Columbia Public Schools, Fair Grove Schools, Francis Howell Public Schools, Independence Public Schools, Jefferson City Public Schools, Kansas City Public School Board, Kirksville Public Schools, Lee Summit Public Schools, Mehlville Public Schools, Mexico Public Schools, Nixa Public Schools, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, and Sullivan Public Schools did not respond to **Oversight's** request for fiscal impact.

<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
LOCAL SUBDIVISION FUNDS			
<u>Cost - bidding procedures</u>	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>
ESTIMATED NET EFFECT ON LOCAL SUBDIVISION FUNDS	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

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,

FISCAL DESCRIPTION (continued)

accepting bids that are unwritten, accepting bids after the advertised deadline, and failing to hold bids confidential.

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

Boone County
City of Jefferson
City of Kansas City
City of West Plains
Clay County
Department of Natural Resources
Lincoln University
Linn State Technical College
Metropolitan Community College
Missouri Department of Conservation
Missouri Department of Transportation
Missouri Southern State University
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of Administration

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SOURCES OF INFORMATION (continued)

Office of the State Courts Administrator
Parkway School District
St. Louis County
University of Central Missouri
University of Missouri



Mickey Wilson, CPA
Director
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