

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO. 656-03  
BILL NO. HCS for HB 113  
SUBJECT: Office of Administration; Contracts and Contractors; Public Buildings  
TYPE: Original  
DATE: February 19, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<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>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses

This fiscal note contains 4 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOL)**, **Department of Transportation (DHT)** and the **Department of Conservation (MDC)** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Coordinating Board for Higher Education (CBH)** assume the proposed legislation would have no fiscal impact on their agency since the CBH does not participate directly in construction projects or bidding. The requirements could potentially have an impact on colleges and universities depending on what their current practices are in relation to the requirements of this bill.

Officials from the **Department of Natural Resources (DNR)** assume the proposed legislation would have no fiscal impact on their agency since the DNR works with Office of Administration - Design and Construction on any contractors wishing to bid on state building contracts.

Officials from the **Office of Administration - Division of Design and Construction (COA)** assume that if this legislation is passed, additional time would be required to review bid packages. Based on recent history, four new contractor bid packages would be reviewed each month. The COA assumes they would need to hire a .25 Contract Specialist I to handle additional review time (approximately 14 hours) for each new contractor bid package. The COA estimates that the salary plus the associated expense and equipment would be \$9,513 for FY02; \$11,707 for FY03; and \$12,006 for FY04.

**Oversight** assumes that the proposed changes to the bid process could be incorporated into the current review procedures for projects with an estimated cost in excess of \$200,000 and could be performed with existing personnel. Therefore, costs associated with the additional .25 FTE for the COA have not been included in the fiscal impact specifications below.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small businesses in the construction industry could be affected by the provisions of this proposal.

DESCRIPTION

This substitute prohibits public owners or any state construction manager from allowing any contractor or other entity to bid for any construction, alteration, or repair project with an estimated cost of more than \$200,000 until the public owner determines that the contractor satisfies certain pre-bid qualifications. The substitute contains the criteria pertaining to the pre-bid qualifications.

Prior to submitting a bid for a state project with an estimated cost in excess of \$200,000, contractors are required to provide specified information to the public owner which is necessary to determine the pre-bid qualifications of the contractors.

Public owners or state construction managers are required to administer the provisions of the substitute as a pre-bid qualification standard. The public owner is required to inform any contractor whether the contractor is qualified to bid or is disqualified from bidding for a contract as stated. The substitute requires that contracts be awarded by competitive bidding as provided by law.

The provisions of the substitute do not apply to the state Highways and Transportation Commission, the Missouri Department of Transportation, or local political subdivisions of Missouri.

The substitute also requires that the policy of the state of Missouri is to hire contractors who perform quality work and who complete construction projects. If a construction contractor performs less than satisfactory work on a state project, the contracting state agency may determine the contractor to be ineligible to contract for state projects for a specified period of time.

DESCRIPTION (continued)

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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

Coordinating Board for Higher Education  
Department of Conservation  
Department of Labor and Industrial Relations  
Department of Natural Resources  
Department of Transportation  
Office of Administration - Division of Design and Construction



Jeanne Jarrett, CPA  
Director

February 19, 2001