

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1683-04
Bill No.: HCS for SB 521
Subject: Bonds – Surety; Business and Commerce; Contracts and Contractors; Political Subdivisions; Public Officers
Type: Original
Date: April 25, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 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

Proposed \$34.059 (Surety Bonds)

Officials from **Greene County, St. Louis County, City of St. Louis, Harris– Stowe State College** and **Lincoln University** did not respond to our fiscal impact request.

Officials from the **Office of Administration – Divisions of Accounting, Budget and Planning, Facilities Management, and Design and Construction, Department of Conservation, Department of Higher Education, Department of Transportation, City of Springfield, City of Kansas City, Central Missouri State University, The Metropolitan Community Colleges, Truman State University, Linn State Technical College** and the **University of Missouri** assume the proposal would have no fiscal impact on their agencies.

In response to an earlier version of this proposal, officials from the **Department of Insurance** assumed the proposal would have no fiscal impact on their office.

Officials from the **Office of Administration – Division of Purchasing and Materials Management (DPMM)** assume the proposal would have no fiscal impact on their division. DPMM notes their division does not currently issue bid specifications or award contracts that encourage or require contractors to enter into agreements with any particular insurance or surety company.

KLR:LR:OD (12/02)

ASSUMPTION (continued)

Proposed §§34.203 – 34.215 (Open Contracting)

Officials from **Greene County, St. Louis County, City of St. Louis, Harris– Stowe State College and Lincoln University** did not respond to our fiscal impact request.

Officials from the **Office of the State Courts Administrator, Department of Labor and Industrial Relations, Department of Conservation, Department of Higher Education, Department of Transportation, Office of Administration – Divisions of Accounting, Budget and Planning and Design and Construction, The Metropolitan Community Colleges, Truman State University, Central Missouri State University, University of Missouri, Linn State Technical College, City of Springfield** and the **City of Kansas City** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of Administration – Division of Purchasing and Materials Management** assume this proposal would prohibit bid specifications and contracts established by public agencies from imposing certain labor requirements on bidders and contractors. The Division of Purchasing currently does not issue bid specifications or award contracts that encourage or require contractors to enter into agreements with labor organizations. Therefore, this proposal would not significantly impact the Division of Purchasing.

Officials from the **Office of Attorney General** assume the costs related to this proposal are unknown (less than \$100,000 annually) because the proposal may impose attorney fees against the State in contracting cases.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE FUND

<u>Cost - Office of Attorney General</u>	<u>(Less than</u> <u>\$100,000)</u>	<u>(Less than</u> <u>\$100,000)</u>	<u>(Less than</u> <u>\$100,000)</u>
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FISCAL IMPACT - Local Government

FY 2004
(10 Mo.)

FY 2005

FY 2006

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

Proposed §34.059 (Surety Bonds)

This proposal prohibits public entities and persons acting on behalf of public entities from requiring bidders and contractors on public works construction projects to obtain surety bonds from specific insurance or surety companies. The terms “public entity” and “public works” shall be given the definitions as set forth in section 107.170, RSMo. This proposal requires surety bonds be issued by a company that holds a certificate of authority from the United States Department of Treasury as an acceptable surety on federal bonds and is listed in the most recent revision of the United States Department of the Treasury Circular 570 or its successor as holding a surety license in Missouri.

Proposed §§34.203 – 34.215 (Open Contracting)

This proposal establishes the "Open Contracting Act" which prohibits public agencies from imposing certain labor requirements as conditions for performing public works. Any interested party has standing to challenge agreements that violate these provisions and shall be awarded costs and attorney's fees in the event that the challenge prevails.

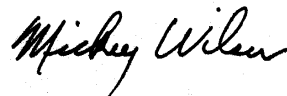
This proposal is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Attorney General
Office of Administration
 – Accounting
 – Budget and Planning
 – Design and Construction
 – Facilities Management
 – Purchasing and Materials Management
Department of Conservation
Department of Higher Education
Department of Insurance
Department of Labor and Industrial Relations
Department of Transportation
Office of the State Courts Administrator
City of Springfield
City of Kansas City
Central Missouri State University
Truman State University
Southwest Missouri State University
University of Missouri
The Metropolitan Community Colleges
Linn State Technical College

NOT RESPONDING

Greene County
St. Louis County
City of St. Louis
Harris-Stowe State College
Lincoln University



Mickey Wilson, CPA
Director

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