

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5838H.04I
Bill No.: HB 2913
Subject: Office of Administration; Contracts and Contractors
Type: Original
Date: March 22, 2022

Bill Summary: This proposal prohibits state entities and private businesses from contracting with Russia, Russian entities, or any other country currently occupying or attacking a NATO ally.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 34.605 – Contract Provisions

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** state this bill prohibits state agencies from contracting with Russia, Russian entities, or other countries attacking a NATO member. FMDC assumes that it would ensure compliance with this requirement by modifying the language of its bid and contract documents to address this new prohibition and having vendors submit a self-certification/attestation form verifying that they are not a restricted entity.

FMDC assumes this would take approximately 100 hours of staff time at \$65.00 per hour. OA-FMDC has approximately 275 existing contracts that would need to be amended to include this requirement. OA assumes that it would take at least one hour per contract to complete this task.

This bill would also cause an increase in the number of contracts that would need to be rebid if existing vendors refuse to comply. Therefore, OA-FMDC estimates the total fiscal impact of this bill to be \$24,000. At this time, it is believed that the additional staff time and resources can be absorbed by OA-FMDC. However, if there are multiple pieces of legislation passed where OA-FMDC has responded that the costs can be absorbed, OA-FMDC would need to reevaluate to see if additional staff and associated expenses would then be required.

Additional fiscal impact could also result if OA-FMDC's assumption is incorrect that compliance with this bill can be achieved with a self-certification/attestation form. If this bill were interpreted to require OA-FMDC to take steps to investigate contractor's compliance with this requirement, the impact would be higher; OA-FMDC estimates that 1 FTE would be required.

Oversight does not have any information to the contrary. Therefore, Oversight will assume FMDC can absorb the cost related to this proposal and reflect a zero impact in the fiscal note.

Officials from the **Department of Natural Resources**, the **Department of Public Safety - Missouri National Guard**, the **Missouri Department of Conservation** and the **Missouri Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses that contract with Russia or Russian entities (or any other country currently occupying or attacking NATO ally) could have a direct fiscal impact if they were to not be able to contract with those entities.

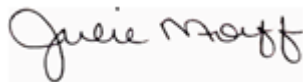
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

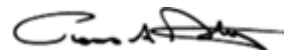
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
 Department of Public Safety - Missouri National Guard
 Missouri Department of Conservation
 Missouri Department of Transportation
 Office of Administration



Julie Morff
 Director
 March 22, 2022



Ross Strobe
 Assistant Director
 March 22, 2022