

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5305-01  
Bill No.: HB 1556  
Subject: Administration, Office of; Boards, Commissions, Committees, Councils; Business and Commerce  
Type: Original  
Date: March 19, 2012

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Bill Summary: This proposal establishes the Minority Business Enterprise and Women’s Business Enterprise Oversight Review Committee to assist these business enterprises in bidding on state contracts.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<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 2013	FY 2014	FY 2015
<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 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</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 2013</b>	<b>FY 2014</b>	<b>FY 2015</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 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration (OA)** assume section 37.020 would create a disadvantaged business enterprise (DBE) program which currently does not exist within OA. A certification process is not in place and OA will need staff to create and enforce this process.

Title: Certification Officer  
Salary Range: \$45,000 - \$70,000  
Equipment & Expense: \$9,000  
Support staff: .5 FTE

The proposal requires a disparity study. OA is currently soliciting private donations to pay for such a study. The cost is estimated to be between \$300,000 and \$1 million. To date, we have collected a little above \$26,000. This proposal requires that this study be completed by 12/31/2014. If inadequate donations are collected, OA would need an additional appropriation to meet this deadline. This proposal establishes the oversight review committee; the committee's expenses would need to be paid from these amounts.

OA assumes section 37.766 proposes that the participation of M/WBEs be tracked in contracts for goods, services, supplies and construction. Assuming that these alerts can be done via e-mail the cost would be minimal. If a mailed notification were required, the cost would increase. (1,700 M/WBE \* # of notifications\*postage fee)

**Oversight** assumes that OA was already required in section 37.020, to create a disadvantaged business enterprise program, as indicated by the language in this proposal that is being repealed and therefore this provision would have no fiscal impact.

**Oversight** assumes that since OA is already soliciting donations for the required report that this provision would not have a fiscal impact. Should the donations fail to cover the full cost OA could seek additional resources through the appropriation process.

**Oversight** assumes that since a database is required to be developed listing these businesses that the businesses could receive information electronically and therefore there would be no fiscal impact from mailing notices.

Officials at the **Department of Agriculture, Department of Conservation, Department of Economic Development, Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Higher Education, Department of Insurance,**

ASSUMPTION (continued)

**Financial Institutions and Professional Registration, Department of Labor and Industrial Relations, Department of Mental Health, Department of Natural Resources, Department of Revenue, Department of Social Services, Joint Committee on Administrative Rules, Missouri Veterans Commission, Office of Prosecution Services, Office of State Courts Administrator, Office of the State Auditor, Office of the State Public Defender and the Office of State Treasurer** assume there is no fiscal impact from this proposal.

Officials at the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Department of Corrections (DOC)** assume it is unknown what procurement rules and regulations might be implemented by the committee and how such implementation may affect DOC.

Officials from the **Office of the Secretary of State (SOS)** state 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 SOS 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, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses could be impacted by the new rules established for bidding on state contracts.

FISCAL DESCRIPTION

The proposed legislation appears to have no 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

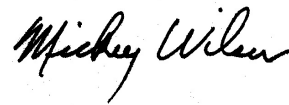
Department of Agriculture  
Department of Conservation  
Department of Corrections  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Higher Education  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Labor and Industrial Relations  
Department of Mental Health  
Department of Natural Resources  
Department of Revenue  
Department of Social Services  
Joint Committee on Administrative Rules  
Missouri Veterans Commission  
Office of Administration  
Office of Attorney General  
Office of Prosecution Services  
Office of State Courts Administrator  
Office of the Secretary of State  
Office of the State Auditor  
Office of the State Public Defender

JH:LR:OD

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SOURCES OF INFORMATION (continued)

Office of State Treasurer

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent 'M' and 'W'.

Mickey Wilson, CPA  
Director  
March 19, 2012