

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0445H.011
Bill No.: HB 323
Subject: Contracts and Contractors; Political Subdivisions; Education, Elementary and
Secondary
Type: Original
Date: February 8, 2021

Bill Summary: This proposal prohibits political subdivisions from automatically renewing contracts without taking a definite action.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **City of Kansas City** assume this proposal will have a negative fiscal impact on Kansas City in an indeterminate amount because Kansas City is sometimes able to generate savings on its contracts by renewing early and sometimes Kansas City needs to renew early to get scarce goods and services.

Officials from the **City of Springfield** anticipate an unknown fiscal impact due to increased staff time renewing contracts. However, the impact is difficult to estimate because the term "definite action" is not defined in the statute so it is unclear what type of action would satisfy the statutory requirement.

Officials from the **Florissant Valley Fire Protection District** assume this bill would create inefficiency in awarding and renewing contracts that will also likely have a financial impact on staff time and posting. This bill ties the hands of local jurisdictions to service their members and constituents in the most effective and efficient manner available, which in the long term, could increase costs.

Officials from the **City of Springfield Utilities** assume this proposal would result in an unknown fiscal impact because of the additional requirements for contract review.

Officials from the **State Technical College of Missouri** assume this proposal would result in a negative fiscal impact on the college that cannot be estimated.

Oversight notes while the local political subdivisions (LPS) addressed some concerns about negative unknown impacts from this proposal, Oversight assumes LPS are provided with core funding to handle a certain amount of activity each year. Oversight assumes these LPS could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, then the LPS could request funding through the appropriation process.

Officials from the **City of Ballwin**, the **City of O'Fallon**, the **Ellisville Police Department**, **Kansas City Police Department**, the **St. Louis County Police Department**, the **Rolla Rural Fire Protection District**, the **Crawford County 911 Board**, the **High Point R-III School District**, the **Glasgow Village Street Light District**, the **Hancock Street Light District**, the **High Point Elementary School**, the **Howard County C-PWSD #1**, the **Jefferson County PWSD #7**, the **Lexington Water/Wastewater**, the **Little Blue Valley Sewer District**, the **Macon County PWSD #1**, the **Metropolitan St. Louis Sewer District**, the **Platte County PWSD #6**, the **Schell City Water Department**, the **South River Drainage District**, the **Wayne County PWSD #2**, the **Missouri State University** and the **University of Missouri System** 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 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill prohibits the renewal of contracts earlier than three months prior to the expiration of any existing contract. The renewal of one contract shall not automatically entail agreement to a new contract. Definite action such as a vote shall be required to renew a contract and violations of the bill shall render contracts void and of no effect.

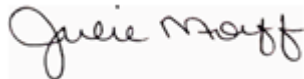
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

- City of Kansas City
- City of Springfield
- Florissant Valley Fire Protection District
- City of Springfield Utilities
- State Technical College of Missouri
- City of Ballwin
- City of O’Fallon
- Ellisville Police Department
- Kansas City Police Department
- St. Louis County Police Department
- Rolla Rural Fire Protection District
- Crawford County 911 Board

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High Point R-III School District
Glasgow Village Street Light District
Hancock Street Light District
High Point Elementary School
Howard County C-PWSD #1
Jefferson County PWSD #7
Lexington Water/Wastewater
Little Blue Valley Sewer District
Macon County PWSD #1
Metropolitan St. Louis Sewer District
Platte County PWSD #6
South River Drainage District
Wayne County PWSD #2
Missouri State University
University of Missouri System
Schell City Water Department



Julie Morff
Director
February 8, 2021



Ross Strobe
Assistant Director
February 8, 2021