

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0445H.02C
Bill No.: HCS for HB 323
Subject: Contracts and Contractors; Political Subdivisions; Education, Elementary and
Secondary
Type: Original
Date: March 2, 2021

Bill Summary: This proposal prohibits public officials from engaging in certain acts relating to school districts.

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

- 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 2022	FY 2023	FY 2024
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version, officials from the **City of Kansas City** assumed 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.

In response to a previous version, officials from the **City of Springfield** anticipated 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.

In response to a previous version, officials from the **Florissant Valley Fire Protection District** assumed 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.

In response to a previous version, officials from the **City of Springfield Utilities** assumed this proposal would result in an unknown fiscal impact because of the additional requirements for contract review.

In response to a previous version, officials from the **State Technical College of Missouri** assumed 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.

Oversight also assumes §162.091 allows for any public official who willfully neglects or refuses to perform any duty imposed upon such public official under certain chapters as defined in the proposal could be charged with a misdemeanor and could be subject to a civil claim for damages, including injunctive relief, compensatory damages, punitive damages, costs of litigation, and attorney's fees. Oversight assumes this may result in a cost to local political subdivisions.

Oversight received a limited number of responses from counties and school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Officials from the **Department of Elementary and Secondary Education**, the **Missouri Office of Prosecution Services** and the **Office of the State Courts Administrator** 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.

Officials from **Boone County** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to a previous version, 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 assumed 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties and school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT –</u> <u>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
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs</u> – potential costs for civil claims arising from section 162.091	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</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.

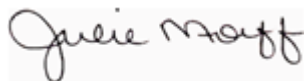
The proposal also allows a civil claim for damages against public officials.

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

Department of Elementary and Secondary Education
Missouri Office of Prosecution Services
Office of the State Courts Administrator
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
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
Boone County



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March 2, 2021



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