

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0514-01  
Bill No.: HB 326  
Subject: Administration, Office of; Charities; Contracts and Contractors  
Type: Original  
Date: February 22, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<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 2006	FY 2007	FY 2008
<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 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

### FISCAL ANALYSIS

#### ASSUMPTIONS

Officials from the **Department of Social Services, Family Support Division**, and the **Department of Conservation**, assume there would be no fiscal impact to their organizations.

Officials from the **Office of Administration, Division of Purchasing and Materials Management** (DPMM), assume this proposal would require DPMM to revised current bid language to inform bidders of the bonus preference for qualified nonprofit organizations for the blind. Also, DPMM would create bid language to require an affidavit by the director or manager and board president of a participating nonprofit organization for the purchasing agency.

The increase in bonus points could skew the evaluation based on the bonus points and not on the proposal's merits, and could cause the contract award to go to other than the lowest and best proposal. DPMM did not provide an estimate of the fiscal impact of the proposal.

ASSUMPTIONS (continued)

Officials from the **Department of Mental Health** (DMH) assume this proposal would change the state bidding preference for qualified nonprofit organizations for the blind and sheltered workshops from 5 points to 25 points, provided the work would generate over \$5,000 in annual revenue for the participating nonprofit organization. The nonprofit organization would be designated a minority business.

DMH assumes there could be a fiscal impact but it is impossible to determine. The proposal would allow for 25% of the points to be given as a preference to those qualified nonprofit organizations. Under current statute in Chapter 34, awards are determined by the lowest and best. This proposed legislation could result in nonawards to the lowest and best, and therefore could potentially increase the fiscal cost to the state.

Officials from the **Department of Transportation** (MODOT) assume this proposal would revise the preference to be given in the state bidding process. MODOT may experience higher prices for some products and services that are competitively bid by the Office of Administration, however these increases would be absorbed by the department.

Officials from the **Department of Social Services, Division of Budget and Finance**, assume this proposal would provide a 25 point bidding preference to qualified non-profit organizations for the blind when these organizations submit bids for state contracts. This advantage could possibly impact the Department by increased expenditures as a result of awarding a contract other than the lowest bid. The actual fiscal impact would be minimal and any additional costs could be absorbed through existing funds.

**Oversight** assumes this proposal could have an unknown negative impact on state funds and on local governments. Oversight is not able to estimate the number of organizations which might qualify for this bidding preference or the number and amount of contracts they might be awarded as a result of this bid preference. However, because this proposal would not require an increase in the budget or appropriations for any state fund, Oversight has not shown any fiscal impact to state funds.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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**LOCAL GOVERNMENTS**

Increased costs - products and services	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>
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FISCAL IMPACT - Small Business

This proposal could impact small businesses by increasing the preference given to qualified nonprofit organizations in bidding on state purchases.

DESCRIPTION

This proposal would revise the preferences to be given in the state bidding process. The bidding preference for products and services of qualified nonprofit organizations for the blind, or sheltered workshops holding a certificate of approval from the department of elementary and secondary education, would be increased to a twenty-five-point bonus on bids if the work generates in excess of five thousand dollars in annual revenue for the participating nonprofit organization.

The nonprofit organization would be designated as a minority business for purposes of state purchasing. An affidavit signed by the director or manager and the board president of a participating nonprofit organization shall be provided to the purchasing agency by the contractor, verifying compliance.

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

Office of Administration  
    Division of Purchasing and Materials Management  
Department of Conservation  
Department of Mental Health  
Department of Social Services  
Department of Transportation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 22, 2005