

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5999-05
Bill No.: HCS for HB 2050
Subject: Motor Vehicles; Office of Administration; State Departments
Type: Original
Date: April 24, 2014

Bill Summary: This proposal changes the laws regarding state purchases.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Revolving Administrative Trust Fund	Unknown	Unknown	Unknown
University Funds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

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ASSUMPTION

Officials at the **Office of Administration's Division of General Services, Division of Purchasing and Materials Management and Facilities Maintenance, Design and Construction** each assume this proposal would not fiscally impact their Division.

Officials at the **Department of Agriculture, the Department of Higher Education, the Department of Insurance, Financial Institutions and Professional Registration, the Department of Labor and Industrial Relations, the Department of Natural Resources, the Department of Social Services** each defer to the Office of Administration for fiscal impact.

Officials at the **Department of Corrections, the Department of Economic Development, the Department of Health and Senior Services, the Department of Mental Health, the Department of Public Safety, the Department of Public Safety's Capitol Police, the Department of Public Safety's Division of Alcohol and Tobacco Control, the Department of Public Safety's Division of Fire Safety, the Department of Revenue, the Missouri Department of Transportation, the Missouri Gaming Commission, the Missouri National Guard, the Missouri Western State University, the Missouri Veterans Commission, the Office of Prosecution Services, the Office of the Secretary of State, the Office of the State Auditor, the Office of the State Public Defender, the Office of State Treasurer and the State Emergency Management Agency** each assume there is no fiscal impact to their respective organizations from this proposal.

Officials at the **Office of State Courts Administrator** assume there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials at the **Department of Conservation** assume this would have an unknown impact that is estimated at less than \$100,000 annually.

Officials at the **Department of Elementary and Secondary Education** assume due to the uncertainty of some of the language of this proposal it is unclear if this proposal would result in additional costs to the Department. The impact is unknown.

ASSUMPTION (continued)

Officials at the **Office of Attorney General (AGO)** assume this proposal would require the AGO to "develop, implement, and submit to the fleet manager a vehicle fleet cost efficiency plan." The AGO assumes that costs associated with the proposal could be absorbed with existing resources, but may seek additional appropriations if the costs of developing and implementing the proposed cost efficiency plan exceed expectations.

Officials at the **Department of Revenue** assume that currently state agencies must competitively bid products or services costing between \$3,000 and \$24,999. The Office of Administration's Division of Purchasing and Materials Management (OA DPMM) is responsible for competitively bidding products or services costing \$25,000 or more. The proposed legislation raises the competitive bidding thresholds for state agencies to \$10,000 and OA DPMM's to \$100,000.

Under the proposed legislation, and if OA requires agencies to bid goods and services between \$10,000 and \$100,000, the Department would be responsible for approximately 10 bids and contract management that is currently handled by DPMM. The Administration Division would need an additional FTE (Procurement Officer I) and the associated expense and equipment costs to administer the additional contracts.

Officials at the **Missouri Highway Patrol** assume this proposal would not impact the Fleet and Facilities Division much as far as duties, responsibilities, manpower, equipment, etc. are concerned. The division is already reporting on an annual basis most, if not all, of the items under section 5(1)(c). Some of the information is reported directly to the state fleet manager, while other information is reported to the Missouri Department of Economic Development's Energy Solutions Division (formerly known as the Division of Energy within the Department of Natural Resources). The additional information that would need to be provided would include the development of an annual plan for fleet cost efficiency and submitting that plan to the state fleet manager. This would require additional man hours to develop the plan, as well as compiling the statistics to report the Patrol's progress. The Highway Patrol believes the impact can be absorbed; therefore, the Highway Patrol's response is no impact.

Oversight assumes this program expands the fleet reporting requirements already done by the state agencies. Oversight assumes the state agencies can absorb these additional reporting requirements with existing resources.

ASSUMPTION (continued)

Oversight assumes that under the current competitive bidding rules only bids deemed to be the "lowest and best" as defined by statute were considered. This proposal expands the rules to allow for the "best value" which allows other criteria to be considered in addition to the "lowest and best" criteria. Oversight assumes expansion of the criteria allows for options for the organization that is contracting but would not result in any direct additional impact.

Officials at the **University of Missouri** assume a negative impact of \$100,000 or more a year.

Officials at the **Northwest Missouri State University** assume this would have an increased cost to the University that could be significant to cover additional labor costs associated with the reporting requirements proposed, as well as an additional cost for a vehicle fleet fee that could be charged by the State. However, the changes to the purchasing guidelines will have an unknown favorable impact on the department operational efficiencies and allow appropriate time to be spent on other important commodities.

Officials at the **University of Central Missouri** assume no impact unless the state vehicle fleet manager required very intensive analysis that required additional staff hours.

Officials at the **Linn State Technical College** assume more reporting with little benefit to the school. The impact is unknown.

Officials at the **Missouri State University** assume the costs are variable and difficult to predict. The proposal does not specify the amount of information, frequency, or format that information will be required to be submitted. Based on the detail required in the fleet plan, and ongoing management and reporting of this fleet plan, the University would anticipate it would require, at a minimum, a ½ time position (estimate \$20,000 annually). The proposal also requires the agency to pay a fleet fee, which is unspecified, per vehicle. This would be an additional annual cost with no way to guess what this cost is until the fee is specified.

Oversight assumes this proposal would subject the Universities to the same reporting requirements and vehicle fee payments as the state agencies. Oversight assumes this proposal would have an unknown impact on University funds.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
REVOLVING ADMINISTRATIVE TRUST FUND			
<u>Transfer In</u> - Universities vehicle fees	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON REVOLVING ADMINISTRATIVE TRUST FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
UNIVERSITY FUNDS			
<u>Transfer Out</u> - payment of vehicle fee	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - reporting requirement administration	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON UNIVERSITY FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<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 requires the State Vehicle Fleet Manager to develop and coordinate the implementation of a statewide vehicle fleet cost efficiency plan to ensure continuing progress toward statewide overall cost reduction in government vehicle costs. The bill specifies the information that the plan must include. Each state agency that owns or leases vehicles must develop, implement, and submit to the fleet manager a vehicle fleet cost efficiency plan for its agency. The plan must

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FISCAL DESCRIPTION (continued)

include agency goals and statistics and a report of agency progress.

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

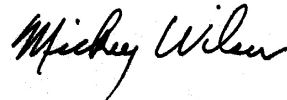
SOURCES OF INFORMATION

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 Public Safety
 Capitol Police
 Division of Fire Safety
 Division of Alcohol and Tobacco
Department of Revenue
Department of Social Services
Linn State Technical College
Missouri Department of Transportation
Missouri Gaming Commission
Missouri Highway Patrol
Missouri National Guard
Missouri State University
Missouri Western State University
Missouri Veterans Commission
Northwest Missouri State University
Office of Administration
 Division of General Services
 Division of Purchasing and Material Management
 Facilities Maintenance, Design and Construction
Office of Attorney General

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SOURCES OF INFORMATION (continued)

Office of Prosecution Services
Office of the Secretary of State
Office of State Courts Administrator
Office of the State Auditor
Office of the State Public Defender
Office of State Treasurer
State Emergency Management Agency
University of Central Missouri
University of Missouri

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

Mickey Wilson, CPA
Director
April 24, 2014

Ross Strobe
Assistant Director
April 24, 2014