

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1923-01  
Bill No.: HB 893  
Subject: Homeland Security; Federal - State Relations; Contracts and Contractors  
Type: Original  
Date: April 18, 2019

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Bill Summary: This proposal prohibits public entities from contracting with Chinese entities that are under FBI investigation or have been investigated by the FBI for intellectual property theft.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Less than \$100,000)</b>	<b>\$0 or (Less than \$100,000)</b>	<b>\$0 or (Less than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Colleges and Universities	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or (Less than \$100,000)</b>	<b>\$0 or (Less than \$100,000)</b>	<b>\$0 or (Less than \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<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 FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of Administration - Division of Purchasing (OA)** assumes the OA would have to validate certification receipt and then log, track, and report statistics of summary level information of such certifications. It may also require OA to periodically contact the FBI to determine if a contractor is under investigation. Therefore, we are requesting ½ FTE at an AOSA level and office equipment. OA-Purchasing has adequate space to house an additional ½ FTE.

In summary, OA assumes a cost of \$26,501 in FY 2020, \$27,503 in FY 2021 and \$27,727 in FY 2022 to provide for the implementation of the changes in this proposal.

**Oversight** assumes OA is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA may possibly be able to absorb the additional duties resulting from this proposal. However, the proposal may also result in additional costs to the state and colleges and universities for administration of this new section as well as possible increased costs for not being able to contract with these companies. Therefore, Oversight will reflect a \$0 or (Less than \$100,000) fiscal impact to the state and colleges and universities.

Officials from the **Department of Transportation**, the **Missouri Department of Conservation**, **Missouri State University** and **State Technical College of Missouri** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties, colleges and universities were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to [www.legislativeoversight.mo.gov](http://www.legislativeoversight.mo.gov).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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**GENERAL REVENUE**

<u>Cost</u> - Office of Administration - to administer the prohibition and possible increased costs of products	\$0 or (Less than <u>\$100,000</u> )	\$0 or (Less than <u>\$100,000</u> )	\$0 or (Less than <u>\$100,000</u> )
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<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$0 or (Less than \$100,000)</u></b>	<b><u>\$0 or (Less than \$100,000)</u></b>	<b><u>\$0 or (Less than \$100,000)</u></b>
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**COLLEGES AND UNIVERSITIES**

<u>Cost</u> - colleges and universities - to administer the prohibition and possible increased costs of products	\$0 or (Less than <u>\$100,000</u> )	\$0 or (Less than <u>\$100,000</u> )	\$0 or (Less than <u>\$100,000</u> )
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<b>ESTIMATED NET EFFECT TO THE COLLEGES AND UNIVERSITIES</b>	<b><u>\$0 or (Less than \$100,000)</u></b>	<b><u>\$0 or (Less than \$100,000)</u></b>	<b><u>\$0 or (Less than \$100,000)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
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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 public entities from contracting with Chinese entities that are under FBI investigation or have been investigated by the FBI for intellectual property theft.

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  
Department of Transportation  
Missouri Department of Conservation  
Missouri State University  
State Technical College of Missouri



Kyle Rieman  
Director  
April 18, 2019

Ross Strobe  
Assistant Director  
April 18, 2019