

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4234-01
Bill No.: HB 1844
Subject: Boards, Commissions, Committees and Councils; Economic Development;
Minorities
Type: Original
Date: January 7, 2020

Bill Summary: This proposal requires the Office of Administration to commission a study on socially and economically disadvantaged businesses every five years.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Missouri Humanities Council Trust Fund	(\$900,000)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$900,000)	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

☒ 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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 37.020 - Study on socially and economically disadvantaged small businesses and minority businesses

Officials from the **Office of Administration - Office of Equal Opportunity (OA/OEO)** state that this proposal would require OA/OEO to commission a study to determine the availability of socially and economically disadvantaged small businesses and minority businesses in the marketplace. It also requires the Commissioner of OA to establish an oversight review committee composed of nine members to oversee and review the findings of the study. After review of the study by the committee, the bill provides that the House of Representatives and Senate "shall discuss and propose legislation to address and improve the social and economic disadvantages" described in the study.

OA/OEO assumes that, because of this study, the House of Representatives may adjust the current Minority and Women Business Enterprise utilization percentages for state contracts. An increase in utilization percentages could result in a program expansion for OA/OEO as more socially and economically disadvantaged businesses and minority businesses will be motivated to participate in the certification process and the state procurement.

This bill will require OA/OEO to incur expenses close to \$900,000 based on previous disparity studies estimates. It could take up to 1 year for the study to be finalized.

The last disparity study was funded by a combination of appropriations and private funds raised by OEO. If studies were to be conducted on a recurring basis, it is assumed that funding for such studies would be provided rather than relying on donations to assist with the cost.

OEO assumes that it would have a role in assisting the oversight committee. However, it is assumed that such involvement would be minimal and could be handled by existing staff without additional resources.

According to OA, a study on socially and economically disadvantaged businesses has been conducted twice, with the last one being completed in 2014 with a total cost of \$2.7 million (\$700,000 from the Missouri Humanities Council Trust Fund (0177) and \$2 million from the OA Donated Fund). For fiscal note purposes, **Oversight** will assume a portion of the study will be funded by donated funds while the other portion of the study will be funded by the same fund used in 2014 (Missouri Humanities Council Trust Fund (0177)). Oversight will use the estimated one time cost of \$900,000 in FY 2021 provided by OA-OEO.

ASSUMPTION (continued)

Officials from the **Missouri House of Representatives**, the **Missouri Senate** and the **Department of Transportation** 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.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
MISSOURI HUMANITIES COUNCIL TRUST FUND (0177)			
<u>Cost - OA</u>			
Study on socially and economically disadvantaged businesses	<u>(\$900,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE MISSOURI HUMANITIES COUNCIL TRUST FUND (0177)	<u>(\$900,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This bill could potentially have an impact on small businesses, depending on the outcome of the study required by this bill and any legislative action taken because of the study.

FISCAL DESCRIPTION

This proposal requires the Office of Administration to commission a study on socially and economically disadvantaged businesses every five years.

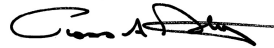
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Missouri House of Representatives
Missouri Senate
Department of Transportation



Julie Morff
Director
January 7, 2020



Ross Strobe
Assistant Director
January 7, 2020