

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3488H.011  
 Bill No.: HB 2373  
 Subject: Contracts and Contractors; Children and Minors; State Departments  
 Type: Original  
 Date: January 25, 2024

Bill Summary: This proposal prohibits state contracts for the purchase of electric vehicles unless the manufacturer certifies that the vehicles were produced without forced or child labor.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

\*Oversight assumes fine revenue (if any) will not reach the \$250,000 threshold.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Veterans Commission Fund (0184)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<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 \$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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §34.630 – State Contracted Vehicles

Officials from the **Office of Administration (OA)** assume the state does not currently have any electric vehicles in the state fleet. Therefore, there would not be immediate fiscal impact. If that changes, limited availability of electric vehicles could have fiscal impact, cost unknown at this time.

Officials from **Kansas City** state there is a possible fiscal impact as the City does not purchase electric vehicles from Manufacturers and the Manufacturer may not agree to jurisdiction in Missouri. This may reduce competition and raise prices. Additionally, the potential of imposed new-EV deficit would cause delay in replacement of currently over-lifecycle equipment, driving maintenance, repair and fuel costs higher. City has no knowledge of the labor used to assemble the electric vehicles.

**Oversight** assumes the Office of Administration and Kansas City will not incur significant cost related to this proposal.

**Oversight** assumes this legislation is subject to the following civil penalty/fine revenue:

§34.630.3(1) - \$10,000 civil penalty

§34.630.3(2) - \$10,000 payable to the General Revenue Fund

§34.630.3(3) - \$5,000 payable to the Missouri Veterans Commission

§34.630.3(4) - \$5,000 payable to school districts in the county which the violation occurred

§34.630.3(5) - \$5,000 payable to the Missouri Veterans Commission

§34.630.3(6) - \$5,000 payable to school districts in the county which the violation occurred

Since it is unknown if there will be any violations, and if there are, how many violations will occur, **Oversight** will reflect a revenue of \$0 (no fine revenue collected) or Unknown revenue to the General Revenue Fund, the Missouri Veterans Commission Fund (Federal, 0184), and Local School Districts. Oversight assumes the potential fine revenue will be less than \$250,000.

Officials from the **Department of Natural Resources**, the **Department of Revenue**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Missouri National Guard**, the **City of Osceola**, the **Northwest Missouri State University** and the **University of Central 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.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, schools and colleges were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE FUND</b>			
Revenue – Fine Revenue §34.630.3(2)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>
<b>FEDERAL VETERANS COMMISSION FUND (0184)</b>			
Revenue – Fine Revenue §34.630.3(3) & (5)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT TO THE VETERANS COMMISSION FUND (0184)</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL SCHOOL DISTRICTS</b>			
Revenue – Fine Revenue §34.630.3(4) & (6)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## FISCAL DESCRIPTION

This bill specifies that no governmental entity can enter into a contract for electric vehicles or components unless the manufacturer provides as worn certification consenting to personal jurisdiction by the State over the manufacturer and confirming the absence of forced labor or oppressive child labor in the production process. This bill defines the terms "electric vehicle", "forced labor", "government entity", "oppressive child labor", and "protected characteristic".

This bill also provides for the following penalty provisions:

- (1) Manufacturers or sellers providing false information may be liable for a civil penalty of \$10,000 per false statement or one half the total price paid by the government entity, whichever is greater.
- (2) Governmental entities knowingly violating the information provision may face a fine of \$10,000 per false statement or the total price paid for the vehicles/components, payable to the General Revenue Fund.
- (3) State employees violating the provision may personally pay a \$5,000 fine to the Missouri Veterans Commission.
- (4) Employees of local government or political subdivisions violating the provision may personally pay a \$5,000 fine to the school districts in the county of the violation, allocated based on average daily attendance.
- (5) Members of statewide or local boards approving purchases violating the provision may personally pay a \$5,000 fine to the Missouri Veterans Commission or school districts, respectively. Any citizen in Missouri has standing to enforce this section.

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

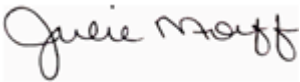
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Department of Natural Resources  
Department of Revenue  
Missouri Department of Conservation  
Missouri Department of Transportation  
Missouri National Guard  
Office of Administration  
Kansas City  
City of Osceola  
Northwest Missouri State University  
University of Central Missouri



Julie Morff  
Director  
January 25, 2024



Ross Strope  
Assistant Director  
January 25, 2024