

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0894H.03I  
 Bill No.: HB 413  
 Subject: Political Subdivisions; Contracts And Contractors  
 Type: Original  
 Date: February 9, 2025

Bill Summary: This proposal changes provisions relating to design-build contracts.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

\***Oversight** assumes the unknown savings will not reach the \$250,000 threshold.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on <u>Other State Funds</u></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 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**§§8.690, 67.5050 & 67.5060 – Design-Build Contracts**

Officials from the **Office of Administration (OA), Kansas City, O’Fallon, Northwest Missouri State University** and the **University of Central Missouri** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to similar legislation for §§67.5050 & 67.5060 from this year, SCS for SB 10, officials from **McDonald County** and **Springfield** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

**Oversight** assumes OA and local political subdivisions would not use the Management-At-Risk or the Design Build methods of construction unless it would either save money, provide some other benefit, or be absorbed within current budget appropriations. Therefore, Oversight will assume the proposal could have a positive fiscal impact to OA and local political subdivisions from this proposal and will range the fiscal impact from \$0 to an unknown amount of savings.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other cities, counties and universities 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 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			
<u>Savings – on Construction Management practices §§8.690, 67.5050 &amp; 67.5060</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Savings – on Construction Management practices §§8.690, 67.5050 &amp; 67.5060</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>

FISCAL IMPACT – Small Business

There could be a direct fiscal impact to small businesses who utilize either of these construction management practices on projects as a result of this proposal.

FISCAL DESCRIPTION

Currently, political subdivisions are authorized to use the construction manager-at-risk method for certain construction projects, as defined in statute. Statutory authority for that authorization is scheduled to expire on September 1, 2026.

This bill repeals the expiration of this section, allowing political subdivisions to continue to use the construction manager-at-risk method.

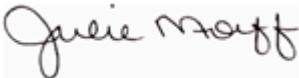
Currently, political subdivisions are authorized to use design build contracts for certain construction projects, as defined in statute. Statutory authority for that authorization is scheduled to expire on September 1, 2026.

This bill repeals the expiration of this section, allowing political subdivisions to continue to use design-build contracts.

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  
Kansas City  
O'Fallon  
Northwest Missouri State University  
University of Central Missouri  
McDonald County  
Springfield



Julie Morff  
Director  
February 9, 2025



Jessica Harris  
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February 9, 2025