

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1537H.01I
 Bill No.: HB 536
 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

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

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

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

Numbers within parentheses: () indicate costs or losses.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

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
GENERAL REVENUE			
<u>Savings – on Construction Management practices §§8.690, 67.5050 & 67.5060</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

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

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.

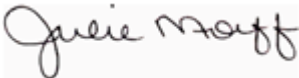
Currently, political subdivisions are authorized to use design build contracts for certain construction projects, as defined in statute. Statutory authority for that authorization is scheduled to expire on September 1, 2026.

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
Assistant Director
February 9, 2025