

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5233H.011
 Bill No.: HB 2474
 Subject: Political Subdivisions; Contracts and Contractors
 Type: Original
 Date: February 22, 2026

Bill Summary: This proposal modifies provisions governing design-build contracts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight assumes unknown cost could exceed the \$250,000 threshold annually.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§67.5060 – Progressive Design-Build Contracts and Projects

Officials from **Office of Administration – Facilities Management Design and Construction (FMDC)** assume an impact that is indeterminate. While initial costs may be similar to existing design-build methods, Progressive Design-Build introduces budget uncertainty because the Guaranteed Maximum Price (GMP) is negotiated after award. Additional administrative, legal, and procurement costs are expected due to new forms, processes, and oversight requirements. Estimated impact is zero to unknown, as actual costs will depend on project size, complexity, and negotiation outcomes. Additional administrative and legal costs could range from minimal to significant depending on project volume but remain unquantifiable at this time.

Officials from the **University of Central Missouri** assume an indeterminate fiscal impact.

Oversight assumes this proposal introduces the Progressive Design-Build method that allows for a two-stage qualification-based selection process between a political subdivision and a design-builder. Oversight assumes local political subdivisions and the FMDC could experience additional costs for administrative, legal, and procurement costs. Therefore, Oversight will reflect a \$0 or unknown cost to general revenue and local political subdivisions for this proposal. Oversight also assumes those costs could potentially exceed the \$250,000 threshold for this proposal.

Officials from the **City of Kansas City** and the **Northwest Missouri State University** 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties and colleges were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – OA (§67.5060) Additional administrative, legal, and procurement costs p.3</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost – Cities, Counties and Colleges (§67.5060) Additional administrative, legal, and procurement costs p.3</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses could be impacted by this proposal.

FISCAL DESCRIPTION

This bill adds "progressive design-build contracts", as defined in the bill, to numerous provisions of law related to design build contracts.

Currently, a design criteria consultant must be employed by a political subdivision to perform certain tasks related to design build projects. This bill allows a design criteria consultant to be employed by a political subdivision, but does not require it.

The bill outlines the necessary elements of a request for proposal for a progressive design-build contract.

Political subdivisions are required to solicit proposals in a two -stage process. Phase I is the solicitation and evaluation of the qualifications of design-builders. Phase II is the solicitation and

evaluation of proposals describing the design builder's approach to design development, preconstruction services, and construction of the project.

Various criteria that the political subdivision must consider during each phase are described in the bill.

The political subdivision has the discretion to disqualify any design-builder that the political subdivision finds lacks the minimum qualifications required to perform the work.

The political subdivision will use criteria described in the bill to select no more than five qualified design-builders, who will be given a specified amount of time to assemble phase II proposals.

Evaluation of phase II proposals must be qualifications-based. Price considerations are for the preconstruction phase services only.

The political subdivision will rank the phase II proposals according to criteria described in the bill. Following the evaluation, the political subdivision can enter into negotiations with the highest-ranked design-builder to establish a preconstruction agreement. If the parties are unable to reach an agreement, the political subdivision can begin negotiations with the next highest-ranked design-builder.

During the preconstruction phase, the design-builder and the political subdivision will collaborate to establish a fixed contract amount or a guaranteed maximum price. Upon acceptance of the price and contract terms, the parties may amend the contract to authorize construction.

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 – Facilities Management Design and Construction
University of Central Missouri
City of Kansas City
Northwest Missouri State University



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Director
February 22, 2026

NM:LR:OD



Jessica Harris
Assistant Director
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