

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5233S.05T  
 Bill No.: Truly Agreed To and Finally Passed SCS for HCS for HB 2474  
 Subject: Office of Administration; Contracts and Contractors; Political Subdivisions  
 Type: Original  
 Date: June 18, 2026

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Bill Summary: This proposal modifies provisions relating to public 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)
<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 the unknown cost could exceed the \$250,000 threshold annually.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<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.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

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

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§34.046 & 67.5060 – Progressive Design-Build Contracts and Projects

Officials from the **Office of Administration – Facilities Management, Design and Construction (OA-FMDC)** state this proposal 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 the proposal will have an indeterminate fiscal impact on their organization.

**Oversight** assumes local political subdivisions and the FMDC could experience additional costs for administrative, legal, and procurement costs as needed. Therefore, Oversight will reflect a \$0 or unknown cost to general revenue and local political subdivisions for this proposal. Oversight assumes these costs could potentially exceed the \$250,000 threshold for this proposal.

Officials from the **Department of Economic Development, Department of Natural Resources, Missouri National Guard, Missouri Department of Conservation, Missouri Department of Transportation, Wayne County PWS #2 and 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.

In response to a previous version, officials from the **City of Kansas City** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties, school districts, colleges and universities and utility districts 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
<b>GENERAL REVENUE</b>			
<u>Cost – OA (§§34.046 &amp; 67.5060)</u> Additional administrative, legal and procurement costs as needed p.3	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost – Cities, Counties and Colleges (§§34.046 &amp; 67.5060)</u> Additional administrative, legal, and procurement costs as needed p.3	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>

FISCAL IMPACT – Small Business

Small businesses could be impacted by this proposal.

FISCAL DESCRIPTION

Currently, Section 34.046, RSMo, authorizes the Commissioner of Administration to contract directly with other governmental entities for the purchase of supplies and to participate in cooperative purchasing agreements using contracts established by other governmental entities, so long as those contracts comply with the applicable laws and regulations of the establishing governmental entity.

This bill modifies this section by authorizing the Commissioner of Administration to also participate in, sponsor, conduct, or administer cooperative purchasing agreements using contracts established by nonprofit entities whose membership and governing body are exclusively composed of governmental entities, provided the contracts were established in accordance with laws and regulations applicable to governmental entities. The bill further specifies that such

agreements may be used for the purchase of supplies, including upkeep and maintenance of physical infrastructure, and authorizes political subdivisions to participate in such cooperative purchasing agreements.

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

The bill modifies the definition for "design build project" by changing the threshold for noncivil works projects from seven million dollars to two million five hundred thousand dollars.

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 designbuilder'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.

Political subdivisions that use progressive design-build contracts are prohibited from requiring or awarding points for certain nonconstruction-related policy standards as a condition of eligibility. Political subdivisions are also prohibited from using evaluations, awards, certifications, standards, or policies unrelated to the direct construction, safety, durability, permitting, or operation of the project. The prohibited items are outlined 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 three but no less than two 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 can amend the contract to authorize construction.

The provisions relating to progressive design-build contracts will expire on August 28, 2036.

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  
Wayne County PWSD #2  
Missouri National Guard  
Department of Economic Development  
Department of Natural Resources  
Missouri Department of Conservation  
Missouri Department of Transportation  
Northwest Missouri State University



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