

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 7261H.02C  
 Bill No.: HCS for HB 3347  
 Subject: Contracts and Contractors; Political Subdivisions  
 Type: Original  
 Date: April 22, 2026

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Bill Summary: This proposal creates new provisions for political subdivisions contracts for legal services.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(Could exceed \$323,669)	(Could exceed \$372,771)	(Could exceed \$379,588)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$323,669)</b>	<b>(Could exceed \$372,771)</b>	<b>(Could exceed \$379,588)</b>

**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
General Revenue	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</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

#### §67.5500 – Legal Contracts of Local Political Subdivisions

In response to a previous version, officials from the **Attorney General’s Office (AGO)** assumed this proposal will increase personnel costs. The AGO will need two Assistant Attorney Generals (AAG) and one Paralegal to handle the increased caseload.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the AGO.

Officials from the **City of Kansas City** assume a negative fiscal impact of an indeterminate amount as it will delay contracts and the Attorney General may not approve the contract.

**Oversight** assumes there could be costs involved for municipalities if the contracts are delayed by the AGO’s review. Oversight does not have the information on how many contracts could be sent to the AGO from municipalities. Therefore, Oversight assumes a \$0 or unknown cost for municipalities for this proposal.

#### §311.038 – Alcoholic Beverages

**Oversight** assumes no fiscal impact for this section of the proposal.

#### Responses regarding the proposed legislation as a whole

Officials from the **Office of the State Courts Administrator (OSCA)** state this proposal may have some impact but there is no way to quantify that amount currently. Any significant changes will be reflected in future budget requests.

**Oversight** notes OSCA assumes this proposal may have some impact on their organization although it can’t be quantified at this time. As OSCA is unable to provide additional information regarding the potential impact, Oversight assumes the proposed legislation will have a \$0 or (Unknown) cost to the General Revenue Fund. For fiscal note purposes, Oversight also assumes the impact will be under \$250,000 annually. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note. If additional information is received, Oversight will review it to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Officials from the **Office of Administration** and the **Department of Public Safety - Division of Alcohol and Tobacco Control** 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 and counties 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 – OSCA (\$67.5500) Potential increase in caseload p.3-4</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost – AGO (\$67.5500) p.3</u>			
Personnel Service	(\$170,833)	(\$209,100)	(\$213,282)
Fringe Benefits	(\$107,950)	(\$131,183)	(\$132,859)
Expense & Equipment	(\$44,886)	(\$32,488)	(\$33,447)
<u>Total Costs – AGO</u>	<u>(\$323,669)</u>	<u>(\$372,771)</u>	<u>(\$379,588)</u>
FTE Change – AGO	3 FTE	3 FTE	3 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Could exceed <u>\$323,669</u>)</b>	<b>(Could exceed <u>\$372,771</u>)</b>	<b>(Could exceed <u>\$379,588</u>)</b>
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost – Municipalities (\$67.5500)</u> Potential costs from delayed review of contracts by the AGO 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

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

FISCAL DESCRIPTION

This bill regulates contingent fee contracts used by political subdivisions for legal services.

To enter a contract, the governing body must hold a public meeting with a notice detailing the reasons for pursuing the matter, the qualifications of the attorney or firm, any existing relationships between the political subdivision and the attorney or firm, why internal resources or hourly contracts are inadequate, and how the arrangement benefits residents of the political subdivision.

The governing body must also make a written finding that there is substantial need for the legal services, that they cannot be adequately performed internally, and that they cannot be reasonably obtained from attorneys under a different type of payment structure. The contract must then be approved in an open meeting.

A contingent fee contract must ensure that the political subdivision maintains ultimate control over the case, that final approval is reserved by the political subdivision, and that contingency fees have the same limits set for state contingency fee legal services contracts.

Before becoming effective and enforceable, the political subdivision must obtain approval of the contract from the Attorney General (AG). The political subdivision must provide relevant documents related to its decision to enter into the contract to the AG.

Within 45 days after the political subdivision provides this information to the AG, the AG must approve or refuse to approve the contract. Reasons the AG may refuse to approve the contract are provided in the bill.

For enforcement, the AG may intervene in judicial or quasijudicial proceedings involving non-compliant contracts to request dismissal without prejudice. If the court or quasi-judicial body concludes the contract for legal services does not comply with this section, then the court must dismiss the matter without prejudice.

The bill also contains a grandfather clause which provides that nothing contained in Section 67.5500, RSMo, will apply to any law suit brought prior to August 28, 2026, and will proceed unless the AG intervenes.

Further, under Section 311.038 this bill preempts local regulation of alcohol sales and gives the state exclusive authority over the container size, fluid ounces per container, the alcohol content, and the number of containers allowed per transaction. This Section also provides that any existing or future local laws, ordinances, or regulations attempting to control those same aspects are null and void as of the effective date.

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

Attorney General's Office  
City of Kansas City  
Office of the State Courts Administrator  
Office of Administration  
Department of Public Safety - Division of Alcohol and Tobacco Control



Julie Morff  
Director  
April 22, 2026



Jessica Harris  
Assistant Director  
April 22, 2026