

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4295-03
Bill No.: SCS for SB 439
Subject: Emergencies; Employment; Governor and Lt. Governor; Labor and Industrial Relations; Labor and Management
Type: Original
Date: January 30, 2012

Bill Summary: This proposal modifies the law relating to prevailing wage.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Conservation Commission Funds	Unknown greater than \$100,000	Unknown greater than \$100,000	Unknown greater than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown greater than \$100,000	Unknown greater than \$100,000	Unknown greater than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations, Lincoln University, Metropolitan Community College, Missouri Department of Transportation, Missouri State University, Missouri Western State University, Office of Administration, Parkway School District, St. Louis County, University of Missouri** and the **University of Central Missouri** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Conservation** assume that sections 290.210 through 290.340 would have an unknown impact of greater than \$100,000 because it would reduce the types and number of projects the Department would have to pay prevailing wages on. By changing the way prevailing wage is calculated and the types of projects that require prevailing wage the Department would expect an annual savings.

Officials at the **City of Kansas City** assume eliminating the prevailing wage requirements in federal disaster areas may or may not result in a savings. If bids include wages that meet or exceed the prevailing wage, no savings may be incurred. If bids are below the prevailing wage, savings of the difference between the prevailing wage and the reduced bid (if such a savings are passed onto the City) could be experienced.

The legislation also changes the types of work subject to the prevailing wage. As with any change in the application of the prevailing wage rules, if bids include wages that meet or exceed the prevailing wage, no savings may be incurred. If bids are below the prevailing wage, savings of the difference between the prevailing wage and the reduced bid (if such savings are passed on to the City) could be experienced.

Officials at the **Mexico School District, Missouri Southern State University** and the **Linn State Technical College** assume the impact is unknown.

Officials at the **Northwest Missouri State University** assume no impact unless there is a federal disaster in which case there will be a 30% -40% savings.

Oversight did not receive sufficient fiscal impact responses from political subdivisions to determine accurately whether political subdivisions would experience a savings or increased costs from this proposal; therefore Oversight will not reflect an impact in the fiscal note.

ASSUMPTION (continued)

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Kennett, Kirksville, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Linn, Louisiana, Maryland Heights, Maryville, Mexico, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Barry, Bates, Boone, Buchanan, Butler, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Hickory, Holt, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lafayette, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Pemiscot, Perry, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Texas, Warren, Wayne and Webster did not respond to **Oversight's** request for fiscal impact.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Columbia Public Schools, Fair Grove Schools, Francis Howell Public Schools, Independence Public Schools, Jefferson City Public Schools, Kansas City Public School Board, Kirksville Public Schools, Lee Summit Public Schools, Mehlville Public Schools, Nixa Public Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, and Sullivan Public Schools did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
CONSERVATION COMMISSION FUNDS			
Savings- Dept of Conservation prevailing wage changes	<u>Unknown</u> <u>greater than</u> <u>\$100,000</u>	<u>Unknown</u> <u>greater than</u> <u>\$100,000</u>	<u>Unknown</u> <u>greater than</u> <u>\$100,000</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUNDS	<u>Unknown</u> <u>greater than</u> <u>\$100,000</u>	<u>Unknown</u> <u>greater than</u> <u>\$100,000</u>	<u>Unknown</u> <u>greater than</u> <u>\$100,000</u>

JH:LR:OD

FISCAL IMPACT - Local Government

FY 2013
(10 Mo.)

FY 2014

FY 2015

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses could be effected by removing the prevailing wage rate.

FISCAL DESCRIPTION

This act modifies various provisions relating to the prevailing wage.

Prevailing wage laws shall not apply in any county that receives federal disaster assistance under a federal disaster declaration for projects undertaken as a result of the disaster.

The definition of "construction" only includes new construction, enlargement, or major alteration. Reconstruction, improvement, painting and decorating, and major repair are no longer considered construction for the purposes of prevailing wage.

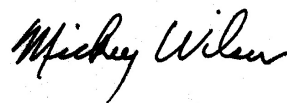
Under current law, a locality, for the purposes of determining the prevailing wage for an occupational title, may encompass two or more counties adjacent to the one in which the construction is to be performed in certain instances. This act only allows the county in which the work is to be performed to be used as a basis for determining the prevailing wage.

Under current law, prevailing wage in a locality is determined by the Department of Labor to be the hourly rate for a particular occupational title by means of wage surveys. This bill repeals this provision and establishes that the prevailing wage for a locality shall be the median hourly estimated wage of the construction and extraction occupational code most closely resembling the occupational title as published in the Metropolitan and Non-Metropolitan Area Occupational Employment Wage Estimate published by the United States Bureau of Labor Statistics, or the median hourly wage estimate for occupational code 47-0000 in the construction and extraction occupational code if the former cannot be determined.

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

City of Kansas City
Department of Conservation
Department of Labor and Industrial Relations
Lincoln University
Linn State Technical College
Metropolitan Community College
Mexico School District
Missouri Department of Transportation
Missouri Southern State University
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of Administration
Parkway School District
St. Louis County
University of Central Missouri
University of Missouri

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 30, 2012