

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0651-01  
Bill No.: SB 128  
Subject: Employment; Department of Labor and Industrial Relations; Labor and Management  
Type: Original  
Date: March 4, 2015

Bill Summary: This proposal modifies prevailing wage laws and provisions relating to project labor agreements.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Conservation Commission Fund	\$0	\$0 or More than \$100,000	\$0 or More than \$100,000
Colleges and Universities	\$0	\$0 or More than \$100,000	\$0 or More than \$100,000
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0 or More than \$200,000</b>	<b>\$0 or More than \$200,000</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<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 \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0 or More than \$5,800,000</b>	<b>\$0 or More than \$5,800,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Conservation** assume an unknown positive impact of more than \$100,000, due to the reduction in construction costs.

For fiscal note purposes, **Oversight** will assume the changes would result in cost savings greater than \$100,000 per year for the Conservation Commission Fund.

Officials from the **City of Kansas City** state while difficult to ascertain an actual amount, this proposal may result in savings of administrative cost associated with staff time of investigating prevailing wage violations.

Officials from the **City of Columbia** estimate a savings of \$5.8 million as a result of this proposal.

Officials from the **Missouri State University** assume if this proposal was enacted, it would potentially have a positive fiscal impact on their organization. The specific amount and extent of which cannot be determined at this time.

**Oversight** assumes this proposal would result in savings to most local governments; however, only a limited number of local governments provided information for this fiscal note. Accordingly, Oversight will indicate savings of more than \$5.8 million to local governments.

Officials at the **Office of the Secretary of State (SOS)** assume each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the Governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, sub-section 115.063.2, RSMo, requires the state to pay the costs. The cost of the special election has been estimated to be \$7.1 million based on the cost of the 2012 Presidential Preference Primary. This figure was determined through analyzing and totaling expense reports from the 2012 Presidential Preference Primary received from local election authorities.

ASSUMPTION (continued)

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and sections 116.230-116.290, RSMo. The Secretary of State's Office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session.

Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements.

The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue).

Therefore, the Secretary of State's Office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

**Oversight** assumes the proposal would be submitted to the qualified voters of this state for approval or rejection in November 2016. Therefore, not permitting an allowance for a special election called by the Governor.

Oversight assumes savings could begin January 2017. Oversight will include a savings of six months (50% of full year savings) for FY 2017 and a full year savings for FY 2018.

Oversight will range the total savings to the Conservation Commission Fund and Local Governments as \$0 (the proposal does not pass the vote of the people) to the estimated savings provided by the Missouri Department of Conservation and local governments.

Officials from the **Office of Administration - Administrative Hearing Commission** the **Division of Purchasing and Material Management** and the **Division of Facilities Management, Design and Construction**, the **Department of Labor and Industrial Relations** and the **Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

Officials from the **Attorney General's Office** assume any potential cost arising from this proposal can be absorbed with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>CONSERVATION COMMISSION FUND</b>			
<u>Savings</u> - Department of Conservation Changes to prevailing wage definitions	<u>\$0</u>	\$0 or More <u>than \$100,000</u>	\$0 or More <u>than \$100,000</u>
<b>ESTIMATED NET EFFECT TO THE CONSERVATION COMMISSION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0 or More than \$100,000</u></b>	<b><u>\$0 or More than \$100,000</u></b>
<b>COLLEGES AND UNIVERSITIES</b>			
<u>Savings</u> - Colleges and Universities Changes to prevailing wage definitions	<u>\$0</u>	\$0 or More <u>than \$100,000</u>	\$0 or More <u>than \$100,000</u>
<b>ESTIMATED NET EFFECT TO COLLEGES AND UNIVERSITIES</b>	<b><u>\$0</u></b>	<b><u>\$0 or More than \$100,000</u></b>	<b><u>\$0 or More than \$100,000</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>LOCAL GOVERNMENTS</b>			
<u>Savings</u> - Local governments Changes to prevailing wage definitions	<u>\$0</u>	\$0 or More than <u>\$5,800,000</u>	\$0 or More than <u>\$5,800,000</u>
<b>ESTIMATED NET EFFECT TO THE LOCAL GOVERNMENTS</b>	<b><u>\$0</u></b>	<b><u>\$0 or More than \$5,800,000</u></b>	<b><u>\$0 or More than \$5,800,000</u></b>
<u>FISCAL IMPACT - Small Business</u>			

Small businesses could potentially have a negative fiscal impact as result of this proposal.

FISCAL DESCRIPTION

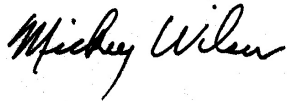
This act repeals the law pertaining to the prevailing wage. The act also contains a referendum clause submitting the repeal to voters for approval.

This act contains a referendum clause.

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

Department of Labor and Industrial Relations  
Office of Administration  
Administrative Hearing Commission  
Department of Transportation  
Department of Elementary and Secondary Education  
Attorney General's Office  
Office of the Secretary of State



Mickey Wilson, CPA  
Director  
March 4, 2015

Ross Strobe  
Assistant Director  
March 4, 2015