

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0069-01  
Bill No.: HB 104  
Subject: Employees - Employers; Labor and Management; Labor and Industrial Relations,  
Department of  
Type: Original  
Date: December 29, 2016

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Bill Summary: This proposal repeals provisions relating to prevailing wages on public works.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>          |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED  | FY 2018    | FY 2019    | FY 2020    |
|  |            |            |            |
|  |            |            |            |
| <b>Total Estimated<br/>Net Effect on<br/>General Revenue</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>                      |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2018    | FY 2019    | FY 2020    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>Other</u><br/>State Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 9 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS                         |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2018    | FY 2019    | FY 2020    |
|   |            |            |            |
|   |            |            |            |
| <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 2018  | FY 2019  | FY 2020  |
|  |          |          |          |
|  |          |          |          |
| <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.

| ESTIMATED NET EFFECT ON LOCAL FUNDS |            |            |            |
|-------------------------------------|------------|------------|------------|
| FUND AFFECTED                       | FY 2018    | FY 2019    | FY 2020    |
|                                     |            |            |            |
|                                     |            |            |            |
| <b>Local Government</b>             | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials at **Office of Administration - Facilities Management, Design and Construction (OA-FMDC)** assume this proposal may have an unknown positive fiscal impact on their organization by reducing the overall costs of certain projects. Also, OA-FMDC assumes any Facilities Maintenance Reserve Fund (FMRF) savings will be used to decrease other deferred maintenance projects. Therefore, **Oversight** will not show a fiscal impact to OA-FMDC.

Officials at **Department of Transportation (MoDOT)** assume this proposal could have a positive fiscal impact on their organization from savings in wages on projects funded with state dollars.

Officials at the **Department of Conservation (MDC)** assume this proposal would have an unknown positive fiscal impact but greater than \$100,000 due to savings of wages paid for construction.

**Oversight** will not show a fiscal impact to MoDOT or MDC because Oversight assumes the agencies have a budgeted amount for public works projects and any savings on a project would be reallocated to other projects.

Officials at **Department of Corrections, Department of Health and Senior Services, Department of Insurance, Financial Institutions and Professional Registration, Department of Mental Health, Department of Public Safety - Missouri Veterans Commission, and Department of Revenue** each defers to Office of Administration - Facilities Management, Design and Construction for a fiscal impact if this proposal on their respective organizations.

Officials at the **Department of Natural Resources (DNR)** assume this proposal would not have a fiscal impact on their organization.

DNR further provided, to the extent that the repeal of the state prevailing wage rate reduces labor costs, then each project would require less state funding. However, entities receiving funding under federal programs may still be required to comply with wage rates under the federal Davis-Bacon Act, as applicable. A long-term benefit may be that the limited financial resources to fund such projects could be spread across more projects if lower total project costs are achieved.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor

Officials at **Department of Agriculture, Department of Elementary and Secondary Education, Department of Higher Education, Missouri Lottery, Missouri Consolidated Health Care Plan, Missouri Ethics Commission, Missouri State Employees' Retirement System, Office of State Courts Administrator, State Highway Employees Retirement System, Department of Labor and Industrial Relations, Lieutenant Governor's Office, Office of Prosecution Services, State Tax Commission, Department of Public Safety - Alcohol and Tobacco Control, Department of Public Safety - Capitol Police, Department of Public Safety - Director's Office, Department of Public Safety - Fire Safety, Department of Public Safety - Missouri Gaming Commission, Department of Public Safety - Highway Patrol, Department of Public Safety - State Emergency Management System, Missouri Senate, Joint Committee on Administrative Rules, Joint Committee on Public Retirement, Office of Administration - Administrative Hearing Commission, Office of Administration - Budget and Planning, Construction, Office of Administration - Purchasing, Office of Administration - Personnel, Governor's Office, State Auditor's Office, State Public Defender's Office, and the State Treasurer's Office** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **City of Kansas City** assume this proposal will not have a fiscal impact on their organization.

Officials at counties of **Callaway** and **Cole** assume this proposal will have a positive fiscal impact to their respective organizations.

ASSUMPTION (continued)

Officials at **Metropolitan Community College, Missouri State University and Northeast Missouri State University** each assume this proposal will have an unknown positive fiscal impact on their respective organizations.

Officials at **Bakersfield R-IV School District** assume this proposal would have a positive fiscal impact in the amount of \$500,000 on their organization.

Officials at the school district of **Malta Bend** assume this proposal would have an unknown positive fiscal impact on their organization.

**Oversight** will not show a fiscal impact to local government, universities or school districts because Oversight assumes these entities have a budgeted amount for public works projects and any savings on a project would be reallocated to other projects.

Officials at **St. Louis County** assume this proposal will not have a fiscal impact on their organization.

Officials at **Missouri Western State University, State Technical College of Missouri, and University of Missouri** each assume this proposal would not have a fiscal impact on their respective organizations.

Officials at the school districts of **Kansas City, Wright City R-II, and West Plains R-VII** assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, 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, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

ASSUMPTION (continued)

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Northwest Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, and the University of Central Missouri did not respond to **Oversight's** request for fiscal impact.

Officials at the following school districts: Arcadia Valley R-2, Aurora R-8, Avilla R-13, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Cassville R-4, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, East Newton R-6, Eldon R-I, Everton R-III, Fair Grove, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Macon County R-4, Mehville, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Richland R-1, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Seymour R-2, Shelby County R-4, Shell Knob #78, Sikeston, Silex, Slater, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Tipton R-6, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Webster Groves, and the Westview C-6 did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u> | FY 2018<br>(10 Mo.) | FY 2019    | FY 2020    |
|---|---------------------|------------|------------|
|   | <b>\$0</b>          | <b>\$0</b> | <b>\$0</b> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2018<br>(10 Mo.) | FY 2019    | FY 2020    |
|---|---------------------|------------|------------|
|   | <b>\$0</b>          | <b>\$0</b> | <b>\$0</b> |

### FISCAL IMPACT - Small Business

Small businesses that would no longer receive prevailing wage could be impacted.

### FISCAL DESCRIPTION

This bill repeals Missouri's prevailing wage law. Currently, contractors and subcontractors working on public works projects are required to pay employees the prevailing wage for the particular locality in which the project is being completed. This bill changes the law to require contractors and subcontractors to pay employees state or federal minimum wage, whichever is higher. Contractors and subcontractors would be permitted to pay higher than the minimum wage if they chose, but that would not be a requirement.

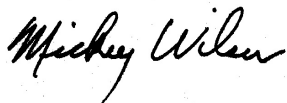
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Office of Administration - Facilities Management, Design and Construction  
Department of Transportation  
Department of Conservation  
Department of Corrections  
Department of Health and Senior Services  
Department of Mental Health  
Department of Public Safety - Missouri Veterans Commission  
Department of Revenue  
Department of Agriculture  
Department of Elementary and Secondary Education  
Department of Higher Education  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Labor and Industrial Relations  
Department of Natural Resources  
Lieutenant Governor's Office  
Missouri Lottery  
Missouri Consolidated Health Care Plan  
Missouri Ethics Commission  
Missouri State Employees' Retirement System  
Office of State Courts Administrator  
Office of Prosecution Services  
Office of Secretary of State  
State Highway Employees Retirement System  
State Tax Commission  
Department of Public Safety - Director's Office

SOURCES OF INFORMATION (continued)

Department of Public Safety - Alcohol and Tobacco Control  
Department of Public Safety - Capitol Police  
Department of Public Safety - Fire Safety  
Department of Public Safety - Missouri Gaming Commission  
Department of Public Safety - Highway Patrol  
Department of Public Safety - State Emergency Management Agency  
Missouri Senate  
Joint Committee on Administrative Rules  
Joint Committee on Public Retirement  
Office of Administration - Administrative Hearing Commission  
Office of Administration - Budget and Planning  
Office of Administration - Purchasing  
Office of Administration - Personnel  
Governor's Office  
State Auditor's Office  
State Treasurer's Office  
State Public Defender's Office  
City of Kansas City  
Callaway County  
Cole County  
St. Louis County  
Metropolitan Community College  
Missouri State University  
Northeast Missouri State University  
Missouri Western State University  
State Technical College of Missouri  
University of Missouri  
School Districts of:  
Bakersfield R-IV  
Malta Bend  
Kansas City  
West Plains R-VII  
Wright City R-II



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