

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0267-01
Bill No.: SB 20
Subject: Employees - Employers; Labor and Industrial Relations Department; Labor and Management
Type: Original
Date: January 3, 2017

Bill Summary: This proposal repeals the law pertaining to prevailing wage.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

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

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
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

☐ 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
Local Government	\$0	\$0	\$0

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 the **Office of Administration - Personnel** assume this proposal will not have a fiscal impact on their organization.

Officials at the **Department of Corrections, Department of Mental Health, Department of Revenue, and Department of Social Services** each defer to Office of Administration - Personnel for a fiscal impact.

Officials at the **Department of Public Safety - Capitol Police, Department of Public Safety - Alcohol and Tobacco, Department of Health and Senior Services, and Department of Elementary and Secondary Education** each defer to Office of Administration - Facilities Management, Design and Construction for a fiscal impact.

Officials at the **Office of Administration - Budget and Planning** assume this proposal could annually reduce total state revenues by \$1,000 or less. Based on it would repeal a penalty that can be assessed on employers that do not comply with the prevailing wage laws in the state. In addition, this proposal would repeal a fine that can be assessed on public bodies, contractors, and subcontractors that violate prevailing wage laws.

Oversight assumes that a \$1,000 or less loss of revenue would not be material.

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal would not have a fiscal impact to their organization.

Currently, the DOLIR has staff which performs education, outreach, and compliance reviews for the prevailing wage program. Repeal of the prevailing wage laws means those FTE would be reassigned to other wage and hour activities (including education, outreach, and compliance reviews under the minimum wage and child labor laws) increasing the number of employers and employees assisted under these two programs.

Oversight will not show an impact to DOLIR for this proposal.

ASSUMPTION (continued)

Officials at the **Department of Natural Resources** assumes this proposal will not have a significant fiscal impact to their organization. The Missouri prevailing hourly wage is based upon the wages generally paid in a locality. The cost of doing business should not be significantly different with or without the law.

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 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 MDC because Oversight assumes this agency has a budgeted amount for public works projects and any savings on a project would be reallocated to other projects.

Officials at the **Office of Administration - Administrative Hearing Commission, Department of Agriculture, State Auditor's Office, Missouri Consolidated Health Care Plan, Missouri Ethics Commission, Governor's Office, Joint Committee on Administrative Rules, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Lieutenant Governor's Office, Lottery Commission, Missouri State Employees' Retirement System, Office of Prosecution Services, State Public Defender's Office, Office of State Courts Administrator, Missouri Tax Commission, Department of Transportation, State Treasurer's Office, Department of Public Safety - Director's Office, Department of Public Safety - Gaming Commission, Department of Public Safety - Fire Safety Division, Department of Public Safety - Highway Patrol, and Department of Public Safety - Missouri Veterans Commission** each assume this proposal will not have a fiscal impact on their respective organizations.

ASSUMPTION (continued)

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

Officials at the **Callaway County** assume this proposal will not have an impact on their organization.

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

Oversight will not show an impact to universities or colleges Oversight assumes these agencies have budgeted amounts for construction projects and any savings on a project would be reallocated to other projects.

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

Officials at the school district of **West Plains R-VII** assume this proposal would have a positive fiscal impact to their organization estimated at \$50,000 to \$150,000 for costs related to maintenance and up to \$2,500,000 for savings related to a \$22,500,000 ballot measure.

Oversight will not show an impact for West Plains R-VII school district because Oversight assumes any savings for current construction projects may be reallocated to future projects. Also, the estimated \$2,500,000 savings related to a ballot measure which is contingent on the results of the ballot.

Officials at the school district of **Bakersfield R-IV** assume this proposal would have a positive fiscal impact estimated at \$500,000.

Officials at the school district of **Kirksville R-III** assume this proposal would have a negative impact to their organization estimated at \$100,000 to \$500,000 per year.

Officials at the school district of **Forsyth R-III** assume this proposal would have a positive fiscal impact to their organization.

ASSUMPTION (continued)

Oversight will not show a fiscal impact to school districts because Oversight assumes they have a budgeted amount for construction projects and any savings on a project would be reallocated to other projects.

Officials at the school district of **Kansas City** assume this proposal will not have an impact on their organization.

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, Cole, 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. Louis, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, and Three Rivers Community College 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,

ASSUMPTION (continued)

East Newton R-6, Eldon R-I, Everton R-III, Fair Grove, Fair Play, Fayette 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, 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, Malta Bend, 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, Westview C-6 and the Wright City R-2 School District did not respond to **Oversight's** request for fiscal impact.

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

FISCAL IMPACT - Small Business

Repeal of these provisions mean that small businesses will not be required to comply with the prevailing wage laws in Missouri.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

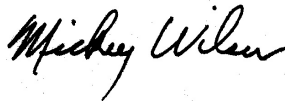
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Personnel
Office of Administration - Facilities Management, Design and Construction
Department of Corrections
Department of Mental Health
Department of Revenue
Department of Social Services
Department of Public Safety - Capitol Police
Department of Public Safety - Alcohol and Tobacco
Department of Health and Senior Services
Department of Elementary and Secondary Education
Office of Administration - Budget and Planning
Department of Labor and Industrial Relations
Department of Natural Resources
Department of Conservation
Office of Secretary of State
Office of Administration - Administrative Hearing Commission
Department of Agriculture
State Auditor's Office
Missouri Consolidated Health Care Plan
Missouri Ethics Commission, Governor's Office
Joint Committee on Administrative Rules
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Lieutenant Governor's Office
Lottery Commission
Missouri State Employees' Retirement System
Office of Prosecution Services
State Public Defender's Office
Office of State Courts Administrator
Missouri Tax Commission
Department of Transportation
State Treasurer's Office
Department of Public Safety - Director's Office
Department of Public Safety - Gaming Commission
Department of Public Safety - Fire Safety Division
Department of Public Safety - Highway Patrol
Department of Public Safety - Missouri Veterans Commission
City of Kansas City
Callaway County
Metropolitan Community College

SOURCES OF INFORMATION (continued)

Missouri State University
Truman State University
Northwest Missouri State University
State Technical College of Missouri
University of Central Missouri
University of Missouri
School Districts of:
 West Plains R-VII
 Kirksville R-III
 Forsyth R-III
 Kansas City



Mickey Wilson, CPA
Director
January 3, 2017

Ross Strobe
Assistant Director
January 3, 2017