

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3130-01  
Bill No.: SB 607  
Subject: Credit and Bankruptcy; Employees-Employers; Department of Labor and Industrial Relations  
Type: Original  
Date: February 19, 2020

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Bill Summary: This proposal prohibits the use of an employee or prospective employee's credit score as a condition of employment.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$62,449)	(\$64,738)	(\$65,304)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$62,449)</b>	<b>(\$64,738)</b>	<b>(\$65,304)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<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.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>			

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state since an estimated hundreds of thousands of potential employees apply for jobs in Missouri each year and the vast majority would have protections under this proposed legislation, we would assume that there could be a sizeable number of complaints filed. Based on the increased workload, DOLIR would need to hire one (1) additional FTE Wage & Hour Investigator (at \$37,344 annually). The estimate includes standard per FTE expense and equipment costs.

**Oversight** notes there is no way to determine how many employers currently use personal credit history as a condition of employment. Oversight does not have any information to the contrary in regards to the DOLIR's assumption; therefore, Oversight will include the estimated impact for additional FTE on the fiscal note.

Officials from the **Department of Commerce & Insurance, Department of Transportation, Missouri Department of Conservation, and Office of Administration** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>GENERAL REVENUE</b>			
<u>Cost - DOLIR</u>			
Salaries	(\$31,120)	(\$37,717)	(\$38,095)
Fringe Benefits	(\$19,992)	(\$24,104)	(\$24,220)
Equipment & Expense	<u>(\$11,337)</u>	<u>(\$2,917)</u>	<u>(\$2,989)</u>
<u>Total Cost</u>	<u>(\$62,449)</u>	<u>(\$64,738)</u>	<u>(\$65,304)</u>
FTE Change	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND</b>	<b><u>(\$62,449)</u></b>	<b><u>(\$64,738)</u></b>	<b><u>(\$65,304)</u></b>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Any small businesses accused of wrongdoing under this proposal would incur costs to defend the allegations. There could also be a change in hiring practices for some as a result of this proposal.

FISCAL DESCRIPTION

This act prohibits employers from requiring an employee or prospective employee to consent to a request for a credit report that contains information about the person's credit score, credit account balances, payment history, savings or checking account balances, or savings or checking account numbers as a condition of employment unless the report is otherwise required by law. Notwithstanding the foregoing, any employer to conduct a soft credit inquiry on any employee or prospective employee.

FISCAL DESCRIPTION (continued)

An employee or prospective employee may file a complaint with the Department of Labor and Industrial Relations alleging any violation of this act.

This act does not apply to any employer that is engaged in the practice of public accounting or that is a financial institution with respect to any employee or prospective employee whose primary employment duties are related to handling the financial assets of such employer..


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  
Missouri Department of Transportation  
Department of Conservation  
Office of Administration  
Department of Commerce and Insurance



Julie Morff  
Director  
February 19, 2020



Ross Strope  
Assistant Director  
February 19, 2020