

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0266S.02I
Bill No.: SB 244
Subject: Employees-Employers; Labor And Industrial Relations, Dept. Of; Political Subdivisions
Type: Original
Date: February 12, 2021

Bill Summary: This proposal modifies provisions governing the authorization of the deduction of moneys from the paychecks of public employees for the benefit of public labor organizations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations** assume the proposal would not have direct fiscal impact on their respective organization.

In response to the similar proposal, SB 701 (4032-03) 2020, Officials from the **Department of Labor and Industrial Relations (DOLIR)** assumed the proposed language as follows:

Section 105.505. 1. Required information to be provided to the Department of Labor (The State Board of Mediation -SBM- would be the administrator). The Board estimates this new section could impact 150 thousand - 200 thousand individuals. If only 10% (could be much higher) of individuals submitted written notices, that would translate into 15,000 to 20,000 records that would need to be entered into our Case Management System (CMS) annually. It was estimated the Board would need to hire at least one (1) new Administrative Office Support Assistant (AOSA) at a cost of approximately \$27,412 for PS and \$13,763 for Expense and Equipment.

Section 105.505. 2. Detailed the content of the notification the Department must receive to allow employers to withhold from the employee's pay for dues and fees on behalf of the labor organization for the next year.

Section 105.505. 4. The subsection required the Department (Board) to create and maintain an electronic database whereby public employees can submit or revoke the authorization forms described above at any time. It is assumed that the Board would be required to notify the employer of a revocation and change the Board's records as well.

Lastly, the proposal required expansion to the existing State Board of Mediation (SBM) - Electronic Filing System application. In order to satisfy the requirement of collecting authorization cards online, the Electronic Filing System was in need of new screens, and new corresponding database tables. **DOLIR - ITSD** assumed they needed to contract out the programming changes to the MEDL, MODL, and CDIS systems. ITSD estimated cost of \$145,692 (1534 hours at \$95 per hour).

Oversight notes the previous proposal, SB 701, required the SBM to keep and catalogue potentially thousands of pieces of information submitted by unions. The current proposal removes that requirement; however, under Section 105.505, subsection 13, requires the issuance of a fine in a limited number of situations.

Oversight notes that the DOLIR has stated the proposal would not have a direct fiscal impact on their organization and any potential cost could be absorbed through current

appropriation. Therefore, DOLIR will not request additional FTE at this time. However, Oversight will reflect \$0 to Unknown impact on the fiscal note since DOLIR could potentially be collecting fines for non-compliance.

Officials from the **Office of Administration (OA)** assume the proposal would have minimal negative fiscal impact due to the Information Technology – related cost to assure compliance. The OA-ITSD project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes need to the SAM II system. ITSD estimates cost of \$2,052 (21.6 hours at \$95 per hour).

Oversight does not have any information to the contrary. However, Oversight assumes the OA will be able to perform any additional duties required by this proposal with current staff and resources and will reflect zero fiscal impact for purposes of this note.

Attorney General's Office, Department of Agriculture, Office of the Administration – Administrative Hearing Commission, Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Health and Senior Services, Department of Revenue, Department of Public Safety - Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency, Veterans Commission, Missouri State Public Defender, MoDOT & Patrol Employees' Retirement System, Missouri House of Representative, Missouri Senate, Joint Committee On Administrative Rules, Joint Committee On Education, Legislative Research, Oversight Division, Missouri State Employee's Retirement System, Office of the State Courts Administrator, Missouri State Tax Commission, and Missouri Higher Education Loan Authority each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the Office of the Secretary of State (SOS) assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **City of Ballwin, Corder, Kansas City, O’Fallon, Springfield, Saint Louis – Budget Division, Gainesville Fire Department, Wentzville Fire Protection District, Barry County 911 Board, Crawford County 911 Board, Nodaway County Ambulance District, Missouri State University, Missouri University, Northwest Missouri State University, and State Technical College Of Missouri** each assume the proposal would not have direct fiscal impact on their respective organization.

Officials from the **St Clair Fire Protection District – Franklin County** and **West County EMS and Fire Protection District – Saint Louis County** both assume the proposal would have “Unknown” negative fiscal impact on their respective organizations.

Oversight notes the above organizations indicated this proposal would have an unknown negative impact on their respective organization. Oversight will assume that the local political subdivisions are able to absorb the cost from the proposal and reflect zero cost on the fiscal note for political subdivisions.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local organizations were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISION			
<u>Loss – fines and penalties</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
<u>Gain – collection of fines and penalties</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected to comply as a result of this proposal.

FISCAL DESCRIPTION

This act modifies provisions governing the authorization of the deduction of moneys from the paychecks of public employees for the benefit of public labor organizations.

Under current law, a public body may withhold fees from public employee paychecks for the purpose of paying any portion of labor organization dues, agency shop fees, or any other fees paid to a labor organization only upon the annual consent of the public employee. Annual consent is also required for labor organizations to use such fees or dues for political purposes.

This act requires any such authorization to be submitted to the public body employer before such fees may be withheld. Furthermore, the employer shall require clear and compelling evidence that the authorization was freely given. Failure to comply with any provision of this act on the part of an employer shall result in a fine of no more than \$500 per violation.

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

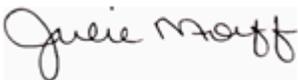
SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Office of Administration
Office of the Secretary of State
Attorney General's Office
Department of Agriculture
Office of the Administration – AHC
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Revenue
Department of Public Safety

- Office of the Director
- Capitol Police
- Alcohol & Tobacco Control
- Fire Safety
- Gaming Commission
- Missouri Highway Patrol
- Missouri National Guard

- State Emergency Management Agency
- Veterans Commission

Missouri State Public Defender
MoDOT & Patrol Employees' Retirement System
Missouri House of Representative
Missouri Senate
Joint Committee on Administrative Rules
Joint Committee on Education
Legislative Research, Oversight Division
Missouri State Employee's Retirement System
Office of the State Courts Administrator
Missouri State Tax Commission
Missouri Higher Education Loan Authority
St Clair Fire Protection District – Franklin County
West county EMS and Fire Protection District – Saint Louis
City of Ballwin
City of Corder
City of Kansas City
City of O'Fallon
City of Springfield
City of Saint Louis – Budget Division
Gainesville Fire Department
Wentzville Fire Protection District
Barry County 911 Board
Crawford County 911 Board
Nodaway County Ambulance District
Missouri State University, Missouri University
Northwest Missouri State University
State Technical College of Missouri



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