

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1694S.02I
 Bill No.: SB 428
 Subject: Civil Rights; Religion; Political Subdivisions
 Type: Original
 Date: April 12, 2023

Bill Summary: The proposal modifies the Missouri Human Rights Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund*	(\$64,085)	(\$76,415)	(\$77,631)
Total Estimated Net Effect on General Revenue	(\$64,085)	(\$76,415)	(\$77,631)

*Oversight notes the above expense represents DOLIR's 1 FTE (Human Rights Officer at \$43,400 annually plus fringe benefits) to assure implementation and compliance.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- 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 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume that MCHR would not have jurisdiction for several reasons, such as the MCHR doesn't have jurisdiction over religiously owned and operated organizations, it doesn't have jurisdiction if a charge is filed after the 180 day time limit (from the last adverse action), it doesn't have jurisdiction if there are not more than 6 employees; it doesn't have jurisdiction if the employer or property in questions is not located in Missouri and it does not have jurisdiction over the federal government.

In 2013, the Missouri Supreme Court held in *Farrow v. St. Francis Medical Center* that non-profit corporations could not be owned by their shareholders. Because Mercy Hospital Carthage is a non-profit corporation, it cannot be owned by a religious organization. However, on August 28, 2017, the statutory definition of "Employer" was amended to exempt those corporations "owned or operated" by religious organizations.

DOLIR would look at articles of incorporation and bylaws or how the employer or property in question was subject to the supervision and control of the religious organization as to not only programs, but also to designation of officers, directors and other functionaries. Furthermore, Missouri corporate law establishes that their boards manage nonprofit corporations. Those boards must adopt bylaws regulating and managing the affairs of the corporation.

Therefore, the cases would now need more extensive investigations, as such, a Human Rights Officer (HRO) on average, handles 96 investigations per year. DOLIR anticipate the need for an additional FTE as a result of this possible legislative change.

Oversight notes the DOLIR assumes the need for additional FTE to assure implementation and compliance with the proposal. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a DOLIR's 1 FTE impact in the fiscal note.

Officials from the **Attorney General's Office** and the **Office of Administration both** assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the City of **Kansas City** and the **City of Springfield** both assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these cities.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Costs – Section 213.010 (8) (g)</u>			
Personnel Service	(\$36,167)	(\$44,268)	(\$45,153)
Fringe Benefits	(\$26,518)	(\$32,147)	(\$32,478)
Expense & Equipment	(\$1,400)	\$0	\$0
<u>Total Costs – DOLIR (p. 3)</u>	<u>(\$64,085)</u>	<u>(\$76,415)</u>	<u>(\$77,631)</u>
FTE Change	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$64,085)</u>	<u>(\$76,415)</u>	<u>(\$77,631)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Under current law, the Missouri Human Rights Act does not apply to corporations and associations owned or operated by religious or sectarian organizations. This act expands that exemption to corporations or associations that are tax-exempt under federal law and are either owned or operated by one or more religious or sectarian organizations, or organized and operated for religious purposes.

The act additionally modifies provisions relating to local enforcement of unlawful discriminatory practices. Under this act, any local ordinances enacted relating to the enforcement of the Missouri Human Rights Act or any local ordinances relating to unlawful discriminatory practices must conform to and incorporate state law. Additionally, a local ordinance regulating unlawful discriminatory practices may only regulate acts that constitute an unlawful discriminatory practice under state law. The act prohibits political subdivisions from enacting ordinances that purport to regulate an act that is not an unlawful discriminatory practice under state law. Furthermore, no local ordinance regulating unlawful discriminatory practices shall be deemed to create a private cause of action.

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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

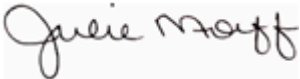
Department of Labor and Industrial Relations

Office of Administration

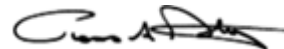
Attorney General's Office

City of Kansas City

City of Springfield



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