

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0918S.01I
 Bill No.: SB 76
 Subject: Civil Rights
 Type: Original
 Date: February 10, 2025

Bill Summary: This proposal modifies provision relating to prohibited discriminatory practices.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue Fund*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

**Depending upon future litigation resulting from the proposed changes, Oversight assumes the fiscal impact to the state could potentially exceed the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Various State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Legal Expense Fund*	\$0	\$0	\$0
College and Universities	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*Transfers-in and increased Payments net to zero.

**Depending upon future litigation(s), resulting from the proposed changes, Oversight assumes the fiscal impact to the state could potentially exceed the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Federal Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§213.010 – Civil Rights

Officials from the **Attorney General’s Office** did not respond to **Oversight’s** request for fiscal impact for this proposal.

Oversight was unable to receive some of the agency responses in a timely manner. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Officials from the **Office of Administration (OA)** assume this legislation has the potential to increase costs to the state Legal Expense Fund (LEF) for actions alleging discrimination against a state employee in connection with their official duties on behalf of the state. This change will be subject to judicial construction; therefore, the cost impact to the state is unknown.

In response to a similar proposal, HB 2308 (2024), **OA** noted the state self-assumes its own liability under the LEF, Section 105.711 RSMo. It is a self-funding mechanism whereby funds are made available for the payment of any claim or judgment rendered against the state in regard to the waivers of sovereign immunity or against employees and specified individuals. Investigation, defense, negotiation or settlement of such claims is provided by the Office of the Attorney General. Payment is made by the Commissioner of Administration with the approval of the Attorney General.

Officials from the **Department of Corrections (DOC)** assume this proposed legislation modifies provisions relating to prohibited discriminatory practices. Section 213.030 expands the protected characteristics to include “sex”, the two categories of humans, male and female, as those unlawful to discriminate against with regards to employment and housing.

The proposed legislation could expand the number of claims filed against the DOC. It is unknown how many claims would be filed; therefore, the department is unable to project a fiscal cost and assumes a (\$0-Unknown) impact.

\$250,000 Threshold:

In response to the similar proposal, SB 81 (2021), data provided by the **Office of Administration Risk and Management (OARM)** assumed the average payment for discrimination claims was approximately \$292,500 (67 discriminations claims/\$19.7 million in discrimination claims paid by the LEF from FY 2015-2018 Data). If this proposal resulted in one additional claim per year at a similar payout level, the cost for individual claim could exceed

\$292,500 (counting for inflation cost since 2018) in each case of additional liability. Furthermore, agencies are allowed to use various Federal and Other State Funds depending on the specifics of each claim.

Oversight notes the cost of any potential liability would be entirely dependent on the number of claims and circumstances of the claims filed; therefore, the cost is ultimately unknown. Therefore, for purpose of this fiscal note, **Oversight** will range the cost to various state agencies and local political subdivisions from \$0 (does not increase costs) to unknown (does increase costs related to sexual orientation and /or gender identity lawsuits/claims) to general revenue, federal funds, other state funds, and local political subdivision funds in the fiscal note.

Officials from the **Office of Administration - Administrative Hearing Commission**, the **Department of Labor and Industrial Relations**, the **Missouri Department of Transportation**, the **Department of Elementary and Secondary Education**, the **Department of Mental Health**, the **Department of Social Services**, the **Department of Health and Senior Services**, and the **Office of the State Public Defender** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for above respective entities.

Officials from the **Missouri University System**, the **Northwest Missouri State University**, the **University of Central Missouri** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for the above respective colleges and universities.

Officials from the **City of Kansas City (CKC)** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for CKC.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
Cost - Potential increase in payments to Legal Expense Fund for increase in discrimination claims (p. 4)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
OTHER STATE FUNDS			
<u>Cost</u> - Potential increase in payments to Legal Expense Fund for increase in discrimination claims (p.4)	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
FEDERAL FUNDS			
<u>Cost</u> - Potential increase in payments to Legal Expense Fund for increase in discrimination claims (p.4)	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO FEDERAL FUNDS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
LEGAL EXPENSE FUND (0692)			
<u>Transfer In</u> - from GR, Federal, and Other State Funds (Potential increase in discrimination claims) (p.4)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost</u> - payments for discrimination claim (p.4)	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE LEGAL EXPENSE FUND	\$0	\$0	\$0

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> - Potential increase in discrimination claims (p.4)	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses will be required to comply with the new and revised sections in employment and public accommodation. If a small business fails to comply, they could be held liable for those actions, incurring additional costs to defend against such discrimination claims.

FISCAL DESCRIPTION

Current law prohibits discrimination based on sex in various sectors, including housing, employment, and public accommodations. This act creates a definition for the term "sex" to mean the two categories of humans, male and female, into which individuals are divided based on an individual's reproductive biology at birth and the individual's genome. The term "sex" shall not be construed to include sexual orientation or gender identity.

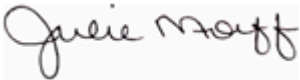
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

- Department of Labor and Industrial Relations
- Office of Administration
- Office of Administration - Administrative Hearing Commission
- Department of Labor and Industrial Relations
- Department of Elementary and Secondary Education
- Department of Social Services
- Missouri Department of Transportation
- Department of Mental Health
- Department of Health and Senior Services
- Office of the State Public Defender

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Missouri University System
Northwest Missouri State University
University of Central Missouri
City of Kansas City



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February 10, 2025



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