

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1584-01
Bill No.: HB 571
Subject: Construction and Building Codes; Contracts and Contractors; Public Buildings;
Roads and Highways
Type: Original
Date: March 15, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$220,706	\$271,013	\$277,446
Total Estimated Net Effect on General Revenue Fund	\$220,706	\$271,013	\$277,446

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government *	Unknown	Unknown	Unknown

* expected to exceed \$100,000.

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal would appear to eliminate the requirement for prevailing wage determinations in various counties. The proposal could reduce public school district facility construction costs significantly. A statewide survey of school district facility needs conducted in February 2000 found that 64% of the school buildings reported exceeded 30 years of age, 25% of the school buildings exceeded 50 years of age, and 12% exceeded 70 years of age. That report estimated current building costs for repairs, renovation, modernization and new construction would exceed \$4 billion.

The proposal applies only to specified counties within the state; therefore, the estimated costs for repairs, renovation, modernization, and new construction for those counties would be less than \$4 billion. If the proposal would reduce school district facility cost by even 5%, the cost savings to Missouri taxpayers could be \$200 million.

Oversight assumes this proposal would have an unknown savings to local governments in excess of \$100,000 per year.

ASSUMPTIONS (continued)

Officials from the **Department of Labor and Industrial Relations** (DOLIR) assume the proposal would eliminate prevailing wage determinations for certain counties. DOLIR would continue to administer and enforce the prevailing wage law, but only for projects in first and second class counties meeting the inhabitant criteria spelled out in the proposal.

DOLIR currently has 10 FTEs that enforce prevailing wage throughout the state. In FY04, approximately 50% of the complaints received were in counties where the prevailing wage law would still be applicable to public works construction projects. Therefore, DOLIR estimated that 50% less staff, or 5 less FTE, would be needed. DOLIR calculations include the actual salaries of 5 Wage & Hour Investigator II's. Expenses are for one year of travel, office expense, post office box rental and phone lines (these investigators all work from their homes).

Officials from the **Metropolitan Community Colleges** assume this proposal could result in savings of \$15,000 to \$20,000 for each \$1,000,000 in construction project costs.

Officials from **Linn State Technical College, Moberly Area Community College, and the Columbia School District** assume the proposal would have no impact on their organizations.

Officials from the **Parkway School District** assume this proposal could result in modest savings in construction project costs if it applies to their organization.

Officials from **Crowder College, East Central College, Jefferson College, Kansas City Public School District, Mexico Public School District, Sedalia School District, State Fair Community College, St. Charles Community College, St. Louis Public School District, St. Louis Community College, Three Rivers Community College, Little Blue Valley Sewer District, and St. Louis Metro Sewer District** did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Cost reduction</u> - Department of Labor and Industrial Relations			
Personal Service (5 FTE)	\$146,613	\$180,333	\$184,842
Fringe Benefits	\$62,545	\$76,930	\$78,854
Expense and Equipment	<u>\$11,548</u>	<u>\$13,750</u>	<u>\$13,750</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$220,706</u>	<u>\$271,013</u>	<u>\$277,446</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
LOCAL GOVERNMENTS			
<u>Cost reduction</u> - maintenance and construction *			
	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

* expected to exceed \$100,000.

FISCAL IMPACT - Small Business

Small businesses involved in construction and maintenance of public facilities in affected counties would have an impact as a result of this proposal.

DESCRIPTION

This proposal would prohibit the imposition of a prevailing wage in certain counties.

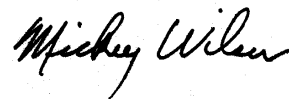
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Labor and Industrial Relations
Linn State Technical College
Metropolitan Community Colleges
Moberly Area Community College
Columbia School District
Parkway School District

NOT RESPONDING

Crowder College
East Central College
Jefferson College
Kansas City Public School Board
Mexico Public Schools
Sedalia School District
State Fair Community College
St. Charles Community College
St. Louis Public Schools
St. Louis Community College
Three Rivers Community College
Little Blue Valley Sewer District
St. Louis Metro Sewer District



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Director
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