

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0177-01
Bill No.: HB 91
Subject: Labor and Industrial Relations
Type: Original
Date: February 11, 2013

Bill Summary: This proposal allows employees the option to refuse to join a labor organization, pay dues, fees, assessments, or have donations go to charities or other third parties in lieu thereof.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016G
General Revenue	\$0 or (More than \$7,100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0 or (More than \$7,100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration - Division of Personnel** assume that in addition to the prohibition to discharge or discriminate against an employee for exercising his right to join or not join a union or to intimidate, coerce or compel such employee to join or not join a union, the language also prohibits the employer from requiring an employee to pay union dues, fees, assessments or other charges to a labor organization as a condition of employment. Currently, the State of Missouri does not require employees to join a labor organization, pay dues or any other labor organizations' fees or assessments.

The Office of Administration is responsible for maintaining the State's twelve labor contracts, as well as assisting agencies with union contract negotiations, union-related activities, and other union-related inquiries. This includes ensuring agencies are complying with 105.510, RSMo. There is nothing in this proposal that would cause a shift or change in our current operations or affect our agency in regard to how we handle the various labor organization processes and issues.

Officials at the **Office of Administration - Division of General Services** assume this proposal would allow employees the option to refuse to join a labor organization. Any person who is injured as a result of any violation or threatened violation of this law shall be entitled to injunctive relief against any and all violators or persons threatening violations and might recover any and all damages including costs and reasonable attorney fees. The State self-assumes its own liability under the state legal expense fund 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. The Division of General Services assume an unknown impact from this proposal.

Officials at the **Office of Attorney General (AGO)** assume this proposal requires both the AGO and local prosecuting attorneys to investigate complaints of violations, including class C misdemeanors and civil damages, and to use "all means at their command" to ensure effective enforcement. The number of any reported or suspected violations would be unknown. Therefore, costs to AGO are unknown but could exceed \$100,000. If significant cases result from the proposal, AGO may seek an additional future appropriation.

ASSUMPTION (continued)

Oversight assumes the State could absorb any impact caused by this proposal with existing resources. Additionally, the volume of new litigation is not known, therefore, Oversight assumes appropriation requests, if any, will be based on workload measures of affected agencies and not as a direct result of this proposal.

In response to similar legislation filed last year, SB 547, officials at the **Office of Prosecution Services (OPS)** assume no measurable impact to OPS. The creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Officials at the **City of Kansas City** assume potential costs are unlikely. The City is already a mix of union and non-union and the chance the City would violate the proposal is unlikely.

Officials at the **City of Columbia, Department of Conservation, Department of Labor and Industrial Relations, Francis Howell School District, Lincoln University, Linn State Technical College, Metropolitan Community College, Missouri Department of Transportation, Missouri Southern State University, Missouri State University, Missouri Western State University, Northwest Missouri State University, Office of State Courts Administrator, Parkway School District, St. Louis County, University of Central Missouri** and the **University of Missouri** each assume there is no fiscal impact on their organization from this proposal.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Columbia Public Schools, Fair Grove Schools, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Lee Summit Public Schools, Mexico Public Schools, Nixa Public Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, and Sullivan Public

ASSUMPTION (continued)

Schools did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, Harris-Stowe, Jefferson College, Southeast Missouri State University, State Fair Community College, St. Charles Community College, Three Rivers Community College and Truman State University did not respond to **Oversight's** request for fiscal impact.

Officials at the **Office of the Secretary of State (SOS)** assume each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2, RSMo, requires the state to pay the costs. The cost of the special election has been estimated to be \$7.1 million based on the cost of the 2012 Presidential Preference Primary. This figure was determined through analyzing and totaling expense reports from the 2012 Presidential Preference Primary received from local election authorities.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. 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. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the

ASSUMPTION (continued)

August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). Therefore, the SOS assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this proposal voted on during a special election in fiscal year 2014. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2014 (FY 2015). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2014.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Transfer Out - Secretary of State - reimbursement of special election costs</u>	\$0 or <u>(More than \$7,100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than \$7,100,000)	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL ELECTION AUTHORITY FUNDS			
<u>Transfer In</u> - from General Revenue for reimbursement of special election expenses	\$0 or More than \$7,100,000	\$0	\$0
<u>Cost</u> - special election costs	\$0 or <u>(More than</u> <u>than</u> \$7,100,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITY FUNDS	<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

This bill specifies that no person as a condition or continuation of employment can be required to:

- (1) Become or refrain from becoming a member of a labor organization as defined in the bill;
- (2) Pay dues, fees, assessments, or other charges to a labor organization; or
- (3) Pay to any charity or third party any equivalent amount in lieu of dues, fees, assessments, or other charges required by a labor organization.

Any agreement, understanding, or practice between a labor organization and an employer that violates the rights of employees as specified in the bill will be unlawful, null and void, and of no legal effect.

Anyone violating a provision of the bill will be guilty of a class C misdemeanor, and any person injured as a result of a violation of a provision of the bill may recover all resulting damages, including costs and attorney fees, and will be entitled to injunctive relief against any violator or person threatening a violation.

FISCAL DESCRIPTION (continued)

Certain specified employers, employees, and agreements are exempt from the provisions of the bill.

The bill contains a referendum clause and will be submitted to qualified voters in November 2014 or at a special election to be called by the Governor.

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

City of Columbia
City of Kansas City
Department of Conservation
Department of Labor and Industrial Relations
Francis Howell School District
Lincoln University
Linn State Technical College
Metropolitan Community College
Missouri Department of Transportation
Missouri Southern State University
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of Administration
 Division of Personnel
 Division of General Services
Office of Attorney General
Office of Prosecution Services
Office of the Secretary of State
Office of State Courts Administrator

L.R. No. 0177-01
Bill No. HB 91
Page 9 of 9
February 11, 2013

SOURCES OF INFORMATION (continued)

Parkway School District
St. Louis County
University of Central Missouri
University of Missouri



Ross Strope
Acting Director
February 11, 2013