

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0069-01
Bill No.: Perfected HB 104
Subject: Employees - Employers; Labor and Management; Labor and Industrial Relations,
 Department of
Type: Original
Date: March 28, 2017

Bill Summary: This proposal repeals provisions relating to prevailing wages on public works.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at **Office of Administration - Facilities Management, Design and Construction (OA-FMDC)** assume this proposal may have an unknown positive fiscal impact on their organization by reducing the overall costs of certain projects. Also, OA-FMDC assumes any Facilities Maintenance Reserve Fund (FMRF) savings will be used to decrease other deferred maintenance projects. Therefore, **Oversight** will not show a fiscal impact to OA-FMDC.

Officials at **Department of Transportation (MoDOT)** assume this proposal could have a positive fiscal impact on their organization from savings in wages on projects funded with state dollars.

Officials at the **Department of Conservation (MDC)** assume this proposal would have an unknown positive fiscal impact but greater than \$100,000 due to savings of wages paid for construction.

Oversight will not show a fiscal impact to MoDOT or MDC because Oversight assumes the agencies have a budgeted amount for public works projects and any savings on a project would be reallocated to other projects.

Officials at **Department of Corrections, Department of Health and Senior Services, Department of Insurance, Financial Institutions and Professional Registration, Department of Mental Health, Department of Public Safety - Missouri Veterans Commission, and Department of Revenue** each defers to Office of Administration - Facilities Management, Design and Construction for a fiscal impact if this proposal on their respective organizations.

Officials at the **Department of Natural Resources (DNR)** assume this proposal would not have a fiscal impact on their organization.

DNR further provided, to the extent that the repeal of the state prevailing wage rate reduces labor costs, then each project would require less state funding. However, entities receiving funding under federal programs may still be required to comply with wage rates under the federal Davis-Bacon Act, as applicable. A long-term benefit may be that the limited financial resources to fund such projects could be spread across more projects if lower total project costs are achieved.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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

Officials at **Department of Agriculture, Department of Elementary and Secondary Education, Department of Higher Education, Missouri Lottery, Missouri Consolidated Health Care Plan, Missouri Ethics Commission, Missouri State Employees' Retirement System, Office of State Courts Administrator, State Highway Employees Retirement System, Department of Labor and Industrial Relations, Lieutenant Governor's Office, Office of Prosecution Services, State Tax Commission, Department of Public Safety - Alcohol and Tobacco Control, Department of Public Safety - Capitol Police, Department of Public Safety - Director's Office, Department of Public Safety - Fire Safety, Department of Public Safety - Missouri Gaming Commission, Missouri House of Representatives, Department of Public Safety - Highway Patrol, Department of Public Safety - State Emergency Management System, Missouri Senate, Joint Committee on Administrative Rules, Joint Committee on Public Retirement, Office of Administration - Administrative Hearing Commission, Office of Administration - Budget and Planning, Construction, Office of Administration - Purchasing, Office of Administration - Personnel, Governor's Office, State Auditor's Office, State Public Defender's Office, and the State Treasurer's Office** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **City of Kansas City** assume this proposal will not have a fiscal impact on their organization.

Officials at counties of **Callaway** and **Cole** assume this proposal will have a positive fiscal impact to their respective organizations.

ASSUMPTION (continued)

Officials at **Metropolitan Community College, Missouri State University and Northeast Missouri State University** each assume this proposal will have an unknown positive fiscal impact on their respective organizations.

Officials at **Bakersfield R-IV School District** assume this proposal would have a positive fiscal impact in the amount of \$500,000 on their organization.

Officials at the school district of **Malta Bend** assume this proposal would have an unknown positive fiscal impact on their organization.

Oversight will not show a fiscal impact to local government, universities or school districts because Oversight assumes these entities have a budgeted amount for public works projects and any savings on a project would be reallocated to other projects.

Officials at **St. Louis County** assume this proposal will not have a fiscal impact on their organization.

Officials at **Missouri Western State University, State Technical College of Missouri, and University of Missouri** each assume this proposal would not have a fiscal impact on their respective organizations.

Officials at the school districts of **Kansas City, Wright City R-II, and West Plains R-VII** assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, 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 counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

ASSUMPTION (continued)

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Northwest Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, and the University of Central Missouri did not respond to **Oversight's** request for fiscal impact.

Officials at the following school districts: Arcadia Valley R-2, Aurora R-8, Avilla R-13, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Cassville R-4, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, East Newton R-6, Eldon R-I, Everton R-III, Fair Grove, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Macon County R-4, Mehville, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Richland R-1, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Seymour R-2, Shelby County R-4, Shell Knob #78, Sikeston, Silex, Slater, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Tipton R-6, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Webster Groves, and the Westview C-6 did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that would no longer receive prevailing wage could be impacted.

FISCAL DESCRIPTION

This bill repeals Missouri's prevailing wage law. Currently, contractors and subcontractors working on public works projects are required to pay employees the prevailing wage for the particular locality in which the project is being completed. This bill changes the law to require contractors and subcontractors to pay employees state or federal minimum wage, whichever is higher. Contractors and subcontractors would be permitted to pay higher than the minimum wage if they chose, but that would not be a requirement.

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

Office of Administration - Facilities Management, Design and Construction
Department of Transportation
Department of Conservation
Department of Corrections
Department of Health and Senior Services
Department of Mental Health
Department of Public Safety - Missouri Veterans Commission
Department of Revenue
Department of Agriculture
Department of Elementary and Secondary Education
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Natural Resources
Lieutenant Governor's Office
Missouri Lottery
Missouri Consolidated Health Care Plan
Missouri Ethics Commission
Missouri State Employees' Retirement System
Office of State Courts Administrator
Office of Prosecution Services
Office of Secretary of State
State Highway Employees Retirement System
State Tax Commission
Department of Public Safety - Director's Office
Department of Public Safety - Alcohol and Tobacco Control

SOURCES OF INFORMATION (continued)

Department of Public Safety - Capitol Police
Department of Public Safety - Fire Safety
Department of Public Safety - Missouri Gaming Commission
Department of Public Safety - Highway Patrol
Department of Public Safety - State Emergency Management Agency
Missouri House of Representatives
Missouri Senate
Joint Committee on Administrative Rules
Joint Committee on Public Retirement
Office of Administration - Administrative Hearing Commission
Office of Administration - Budget and Planning
Office of Administration - Purchasing
Office of Administration - Personnel
Governor's Office
State Auditor's Office
State Treasurer's Office
State Public Defender's Office
City of Kansas City
Callaway County
Cole County
St. Louis County
Metropolitan Community College
Missouri State University
Northeast Missouri State University
Missouri Western State University
State Technical College of Missouri
University of Missouri
School Districts of:
Bakersfield R-IV
Malta Bend
Kansas City
West Plains R-VII
Wright City R-II



Mickey Wilson, CPA
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Ross Strobe
Assistant Director

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