

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4170-01
Bill No.: HB 1594
Subject: Labor and Management; Political Subdivisions
Type: Original
Date: January 2, 2018

Bill Summary: This proposal allows municipalities to opt out of the prevailing wage law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	Greater than \$100,000	Greater than \$100,000	Greater than \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposal would allow municipalities to opt out of the provisions of 290.210 through 290.340, and would therefore reduce the number of public works projects that are subject to the prevailing wage requirement. The department assumes this would reduce the number of complaints received regarding prevailing wage issues.

Current statute requires the DOLIR to issue prevailing wage orders and to investigate complaints relating to prevailing wage. However, funding for these activities was eliminated in the FY 2018 budget. In order to assure that employers are able to comply with the law, the DOLIR has redirected some existing resources so that a new prevailing wage order can be issued by the March 2018 deadline.

Though the number of prevailing wage complaints is expected to decrease as a result of this legislation, current resources are inadequate to address any complaints received. DOLIR anticipates that, should this bill be approved, it would pursue additional resources via the appropriations process.

Officials from the **City of Columbia** assume unless mandated to pay prevailing wage by federal law, the ability to opt out could have a positive fiscal impact.

Oversight assumes this proposal allows any municipality to opt out of the provisions regarding prevailing wages for the construction of public works. Oversight assumes there will be a cost savings to municipalities of greater than \$100,000.

Officials from the **Office of Administration-Personnel** and **Office of Administration-Facilities Management, Design and Construction** assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Jackson County Board of Election Commissioners, St. Louis County Board of Election Commissioners, Boone County, St. Louis County, and City of Kansas City** assume the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark City, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O’Fallon, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles City Administrator, St. Louis City Budget Division, 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 from the following **counties**: Andrew, Atchison, Audrain, Barry, Benton, Bollinger, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Clinton, Cole, Cooper, Davies, Dekalb, Dent, Franklin, Greene, Holt, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne, and Worth did not respond to **Oversight’s** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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LOCAL POLITICAL SUBDIVISIONS

<u>Savings</u> - Local political subdivisions opt out of prevailing wage	Greater than <u>\$100,000</u>	Greater than <u>\$100,000</u>	Greater than <u>\$100,000</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Greater than <u>\$100,000</u>	Greater than <u>\$100,000</u>	Greater than <u>\$100,000</u>
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FISCAL IMPACT - Small Business

There could be a fiscal impact on contractors and subcontractors who bid on public works projects as a result of this proposal.

FISCAL DESCRIPTION

This proposal allows any municipality to opt out of the provisions regarding prevailing wages for the construction of public works.

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-Personnel
Office of Administration-Facilities Management Design and Construction
City of Columbia
Jackson County Board of Election Commissioners
St. Louis County Board of Election Commissioners
Boone County
St. Louis County
City of Kansas City

Ross Strobe



Acting Director
January 2, 2018