

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0620-01
Bill No.: HB 69
Subject: Labor and Management; Employees - Employers; Political Subdivisions
Type: Original
Date: February 12, 2015

Bill Summary: This proposal allows public bodies to opt out of prevailing wage laws for the construction of public works projects that are \$750,000 or less.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Conservation Commission Fund	More than \$100,000	More than \$100,000	More than \$100,000
Total Estimated Net Effect on Other State Funds	More than \$100,000	More than \$100,000	More than \$100,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016	FY 2017	FY 2018
Local Government	More than \$100,000	More than \$100,000	More than \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation**, the **Office of Administration - Division of Purchasing and Material Management** and **Division of Facilities Management, Design and Construction** the **Department of Labor and Industrial Relations**, the **State Technical College of Missouri**, the **Metropolitan Community College**, the **University of Missouri** and the **University of Central Missouri** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Office of Administration - Division of Budget and Planning** state the proposed legislation appears to have no direct impact on TSR or 18e and defers to the Department of Labor and Industrial Relations with specific fiscal impact to their organization.

Officials from the **Missouri Department of Conservation** assume an unknown positive fiscal impact to their organization of greater than \$100,000.

Officials from the **City of Kansas City** state assume this proposal may result in savings in administrative cost associated with staff time of investigating prevailing wage violations of contracts under \$750,000. However, the City may not elect to opt out and may still incur the same staff cost. If the City were to elect to opt out of prevailing wage on contracts under \$750,000 this proposal may result in a loss of earnings tax directly related to a worker's wage. If a worker earns less, the City collects less. However, any potential loss is difficult to ascertain at this time, as employers may still pay their workers the same amount, whether or not the City opts out.

Officials from the **Missouri State University** assume the proposal will result in a positive fiscal impact. The amount cannot be determined and quantified at this time.

Oversight will assume the changes in this proposal would result in cost savings greater than \$100,000 per year for the Conservation Commission Fund and for local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
CONSERVATION COMMISSION FUND			
<u>Savings</u> - Department of Conservation - Changes to prevailing wage definitions	More than <u>\$100,000</u>	More than <u>\$100,000</u>	More than <u>\$100,000</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	More than <u>\$100,000</u>	More than <u>\$100,000</u>	More than <u>\$100,000</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
LOCAL GOVERNMENTS			
<u>Savings</u> - Local governments Changes to prevailing wage definitions	More than <u>\$100,000</u>	More than <u>\$100,000</u>	More than <u>\$100,000</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	More than <u>\$100,000</u>	More than <u>\$100,000</u>	More than <u>\$100,000</u>

FISCAL IMPACT - Small Business

Small businesses could potentially have a negative fiscal impact as result of this proposal.

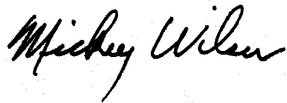
FISCAL DESCRIPTION

This bill allows any public body to opt out of the provisions regarding prevailing wages for the construction of public works projects for which the contract awarded is \$750,000 or less.

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
 Division of Budget and Planning
 Division of Purchasing and Material Management
 Division of Facilities Management, Design and Construction
Department of Transportation
Missouri Department of Conservation



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