

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5431-01  
Bill No.: HB 1931  
Subject: Employees-Employers; Labor and Management; Labor and Industrial Relations,  
 Department of  
Type: Original  
Date: February 8, 2016

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Missouri Conservation Commission	Greater than \$100,000	Greater than \$100,000	Greater than \$100,000
Colleges and Universities	More than \$5,250,000	More than \$5,250,000	More than \$5,250,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>More than \$5,350,000</b>	<b>More than \$5,350,000</b>	<b>More than \$5,350,000</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>More than \$300,000</b>	<b>More than \$300,000</b>	<b>More than \$300,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Conservation (MDC)** assume this proposal will have an unknown positive fiscal impact on their organization estimated to be greater than \$100,000.

Officials at the **Department of Natural Resources** assume this proposal will not have a direct fiscal impact to their organization. However, entities receiving funding under federal programs may still be required to comply with wage rates under the federal Davis-Bacon Act, as applicable.

Officials at the **St. Louis County** assume this proposal will have a minimal fiscal impact on their organization. Due to the majority of their work is federally funded, and Davis-Bacon Act prevailing wages will still apply. For other projects, skill trade licensing requirements of SLCRO 107.130(7) and the “responsible bidder” requirements will generally limit the ability of low wage contractors to have much of an advantage in successfully bidding and contracting our work.

Officials at the **City of Dardenne Prairie** and **City of Kansas City** each assume this proposal will have an unknown positive fiscal impact on their respective organizations.

Officials at the **University of Central Missouri** assume this proposal will have a positive fiscal impact on their organization estimated to be as much as \$5,250,000 annually.

Officials at the **University of Missouri** assume this proposal will have fiscal impact on their organization estimated to be greater than \$100,000.

Officials at the **Missouri State University** assume this proposal will have an unknown positive fiscal impact on their organization.

**Oversight** will show in the fiscal note a positive fiscal impact of more than \$5,250,000 to colleges and universities, “more than” representing the estimated range of fiscal impact received from unknown to \$5,250,000; “unknown” could be more than \$5,250,000.

Officials at the school district of **Everton R-III** assume this proposal will have a positive fiscal impact for their organization based on the estimated saving of \$300,000 they would have experienced in the current year.

ASSUMPTION (continued)

Officials at the school districts of **Kansas City, Sarcoxie R-II, and Wright City R-II** each assume this proposal will have an unknown positive fiscal impact on their respective organizations.

**Oversight** will show in the fiscal note a positive fiscal impact of more than \$300,000 to local government, with “more than” representing the estimated range of fiscal impact received from unknown to \$300,000; “unknown” could be more than \$300,000.

Officials at the **Department of Economic Development, Department of Labor and Industrial Relations, Department of Transportation, Office of Administration - Facilities Management, Design and Construction, Office of Administration - Personnel, and Office of Administration - Purchasing** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the Boards of Elections Commissioners for **Jackson County, Platte County, and St. Louis County** each assume this proposal will not have a fiscal impact on their respective organizations.

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

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

Officials at the school districts of **Macon County R-IV, Malta Bend, Warren County R-III, West Plains R-VII, and Forsyth R-III** each 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, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, 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.

ASSUMPTION (continued)

Officials at the following boards of election commissioners: Kansas City Board of Election Commission, St. Louis City Board of Election Commission, Clay County Board of Election, and Commission did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, 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.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Metropolitan Community College, Moberly Area Community College, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, and Truman State University 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, Bakersfield, 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, 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, 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, Warrensburg R-6, Webster Groves, and Westview C-6 did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>CONSERVATION COMMISSION FUND</b>			
<u>Savings</u> - MDC - change to prevailing wage definition	Greater than <u>\$100,000</u>	Greater than <u>\$100,000</u>	Greater than <u>\$100,000</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b>Greater than <u>\$100,000</u></b>	<b>Greater than <u>\$100,000</u></b>	<b>Greater than <u>\$100,000</u></b>
<b>COLLEGES AND UNIVERSITIES FUNDS</b>			
<u>Savings</u> - Colleges and Universities - change to prevailing wage definition	More than <u>\$5,250,000</u>	More than <u>\$5,250,000</u>	More than <u>\$5,250,000</u>
<b>ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES FUNDS</b>	<b>More than <u>\$5,250,000</u></b>	<b>More than <u>\$5,250,000</u></b>	<b>More than <u>\$5,250,000</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>LOCAL GOVERNMENT</b>			
<u>Savings</u> - Counties and Cities - change to prevailing wage definition	Unknown	Unknown	Unknown
<u>Savings</u> - All School District Funds - change to prevailing wage definition	More than <u>\$300,000</u>	More than <u>\$300,000</u>	More than <u>\$300,000</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b>More than <u>\$300,000</u></b>	<b>More than <u>\$300,000</u></b>	<b>More than <u>\$300,000</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## 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 does not apply to any work done for or by any drainage or levee district.

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 Conservation  
Department of Natural Resources  
St. Louis County  
City of Dardenne Prairie  
City of Kansas City  
University of Central Missouri  
University of Missouri  
Missouri State University  
Everton R-III  
Kansas City  
Sarcoxie R-II  
Wright City R-II  
Department of Economic Development  
Department of Labor and Industrial Relations  
Department of Transportation  
Office of Administration - Facilities Management, Design and Construction  
Office of Administration - Personnel  
Office of Administration - Purchasing  
Jackson County Board of Elections Commission  
Platte County Board of Elections Commission  
St. Louis County Board of Elections Commission  
St. Louis Sewer District  
Missouri Western State University  
State Technical College of Missouri

SOURCES OF INFORMATION (continued)

Macon County R-IV  
Malta Bend  
Warren County R-III  
West Plains R-VII  
Forsyth R-III

Mickey Wilson, CPA

Director  
February 8, 2016



Ross Strope  
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February 8, 2016