

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3966-02
Bill No.: SCS for HB 1559
Subject: Drugs and Controlled Substances; Employees-Employers; Department of Labor and Industrial Relations; Unemployment Compensation; Workers' Compensation
Type: Original
Date: May 1, 2020

Bill Summary: This proposal modifies various provisions related to the employee-employer relationship.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	More than (\$351,316)	More than (\$384,204)	More than (\$388,167)
Total Estimated Net Effect on General Revenue	More than (\$351,316)	More than (\$384,204)	More than (\$388,167)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds			

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 19 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Workers Compensation Trust Fund (652)	(Unknown)	(Unknown)	(Unknown)
Unemployment Automation Fund (958)	Up to \$5,000,000	Up to \$5,000,000	Up to \$5,000,000
Unemployment Trust Fund	Up to (\$5,000,000)	Up to (\$5,000,000)	Up to (\$5,000,000)
Unemployment Compensation Administration Fund (0948)	(\$67,492)	\$0	\$0
Unemployment Compensation Trust Fund	\$0 to \$4,042,642	\$0 to \$4,851,171	\$0 to \$4,851,171
Total Estimated Net Effect on <u>All</u> Federal Funds	Less than \$3,975,150 to (Unknown)	Less than \$4,851,171 to (Unknown)	Less than \$4,851,171 to (Unknown)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue - AGO	4 FTE	4 FTE	4 FTE
Total Estimated Net Effect on FTE	4 FTE	4 FTE	4 FTE

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 2021	FY 2022	FY 2023
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

Disclaimer: Due to time constraints, **Oversight** was unable to receive some of the agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have on current and prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

ASSUMPTION

§285.050 - Employers may refuse to accommodate employee use of marijuana in the workplace

In response to the similar SB 610 (2020) officials from **Department of Labor and Industrial Relations** assumed the proposal would not have fiscal impact on their respective agency.

Oversight does not have any information to the contrary in regards to DOLIR’s assumption; therefore, Oversight will reflect zero fiscal impact for the purpose of this fiscal note.

In response to the similar proposal, SB 610 (2020), officials from **St. Louis County** stated an estimate of the fiscal impact cannot be made at this time. It is unknown whether the County would chose to institute a random drug screening program and how the program would be designed. However, there would be a cost.

Officials from the **University of Central Missouri (UCM)** estimated no fiscal impact unless UCM implements random drug testing. Based on UCM's employee population, the University would conduct approximately 140 tests per quarter at \$75 per test for a total of \$42,000 in costs per year.

ASSUMPTION (continued)

Oversight does not have any information to the contrary. Oversight assumes this proposal would not fiscally impact governmental agencies.

§285.075 - Voluntary agreement entered into between the United States Department of Labor and a franchisee or a franchisor

Officials from the **Department of Revenue (DOR)** assume the proposed legislation provides that, neither a franchisee nor a franchisee's employee is an employee of the franchisor "for any purpose, unless the franchisor exercises direct and immediate control [etc.]" The proposed legislation would prohibit a franchisor from being considered the employer of a franchisee's employee "for any purpose[.]" This might impact DOR by changing who is responsible for withholding tax pertaining to a franchisee or employee of a franchisee.

Clarity would be advanced by specifying whether this change is meant to affect any responsibility for Missouri income tax withholding required by employers. If the confusion results in less withholding tax being submitted this could negatively impact the Department.

These provisions are administered by the Department of Labor and Industrial Relations. The Department defers to them for fiscal impact.

In response to the similar proposal SB 738 (2020) officials from the **Department of Labor and Industrial Relations** assumed the proposal will have no fiscal impact on their organization.

Oversight notes the Department of Labor and Industrial Relations have stated that the proposal would not have a direct fiscal impact. Oversight does not have any information to the contrary; therefore, Oversight will reflect a zero impact on the fiscal note.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

ASSUMPTION (continued)

§287.067 & §287.069 - Definition of an Emergency medical technician & criteria of disability

In response to similar proposal, SB 710 (2020), officials from **Attorney General's Office (AGO)** assumed the proposal's definition of "first responder" captures a large number of employees of the State of Missouri such as law enforcement officers, firefighters, emergency medical personnel, dispatchers, and corrections staff among others.

This would create a large population of state employees that would not need to meet a burden of proof to bring a workers' compensation claim. This provision creates a very difficult burden for the State of Missouri to defend in workers' compensation claims and could lead to a significant increase in difficult-to-defend workers' compensation claims. Therefore, Section 287.069.2 would result in an increase in worker's compensation claims and potentially increase other costs related to those additional claims.

AGO assumes the need for four (4) FTE Assistant Attorneys General (each at \$55,620 annually). AGO estimates a total annual cost of approximately \$385,000.

Oversight assumes this proposal may increase the number of workers' compensation claims and also increase the workload of the AGO. Oversight does not have information to the contrary; therefore, Oversight will reflect the AGO's estimated cost.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

In response to the similar proposal, SB 710 (2020), officials from **Department of Corrections (DOC)** assume the proposal creates new provisions relating to occupational diseases diagnosed in first responders. This legislation includes officers employed at a corrections facility under the definition of first responder.

It specifies that if, preceding the date of injury or death, an employee who was employed on active duty as a first responder is diagnosed with a mental impairment and had not been diagnosed with the mental impairment previously, then the mental impairment shall presumptively be considered an occupational disease and shall be presumed to have arisen out of and in the course of employment.

ASSUMPTION (continued)

Passage of this legislation has the potential to create a substantial financial impact on the DOC. By including mental impairment as a potential occupationally-related disease, the occurrence of worker's compensation claims will likely increase, as well as the number of days off and modified duty days requested by affected employees. While an increase in these areas is probable, if not certain, it is not quantifiable at this time. Therefore we estimate the impact to be (\$0 to Unknown.)

Oversight does not have any information to the contrary. Therefore, Oversight will range the fiscal impact from \$0 (does not increase claims) to an "Unknown" cost (increased workers compensation claims related to occupational disease) on the fiscal note.

In response to the similar proposal SB 710 (2020) officials from **Office of Administration (OA)** assume Section 287.069 creates new definitions and presumptions for mental impairment diagnosed in first responders, and expands the definition of first responders. These changes would lead to increased defense costs and workers' compensation benefit costs for the state.

The amount of such increase, if any, cannot be estimated as it would depend on the facts and circumstances of each case.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect an "Unknown" cost (increased workers compensation claims related to occupational disease) on the fiscal note.

In response to the similar proposal SB 545 (2020), officials from the **Department of Public Safety- Fire Safety (DPS-FS)** stated that this proposed legislation modifies provisions relating to occupational diseases under workers compensation benefits for fire fighters, police officers, and other first responders.

The DPS-FS estimates there to be 25,000 fire fighters in the State of Missouri. Of those, we estimate 5,000 to be full-time career fire fighters, with the remainder serving in voluntary or partly-voluntary status.

In response to the similar proposal SB 545 (2020), officials from **Boone County** state this proposal would have large financial impact. In relevant part, this law would create a worker's compensation claims for any police officer, or first responder, who had hypertension or heart disease, as long as they could show that prior to taking job they did not have hypertension or heart disease. The burden would be on us to show by clear and convincing evidence that the development of the disease was NOT related to being a police officer or first responder.

ASSUMPTION (continued)

Since many of our police officers start with us in their early twenties and stay with us for many years (sometime 40 + years) there would be a high likelihood that they did not have high blood pressure or heart disease when they started but did when they left.

A study that came out in January of this year said nearly half of all Americans have high blood pressure or heart disease.

Oversight has not received a response from many political subdivisions. However, Oversight assumes this proposal could increase the number of workers compensation claims. Therefore, Oversight will reflect a negative fiscal impact to the political subdivisions.

§288.036 & §288.060 - Workers Compensation, Unemployment Compensation

In response to the similar proposal SB 680 (2020) officials from the **Department of Labor and Industrial Relations** stated:

Division of Employment Security (DES):

Sections 288.036 and 288.060 will change the methodology used by the Division of Employment Security (DES) to calculate unemployment benefits for Missourians which could change the amount of unemployment benefit payments made to claimants.

Section 288.036.1 stipulates that termination pay and severance pay shall be considered wages for the week with respect to which it is payable. The change in Section 288.060.3 removes an existing provision stating termination pay and severance pay shall not be considered as wages for the calculation of partial benefits. Applied together, these changes will require claimants to report termination pay and severance pay as wages for each week it is payable. Wages from severance pay, when paid as a lump sum, will be pro-rated on a weekly basis at the rate of pay received by the employee at the time of separation.

For weeks in which an otherwise eligible claimant reports termination pay and severance pay, the claimant will be entitled to either a reduced weekly benefit payment or no weekly benefit payment, depending on the amount of the termination pay and severance pay reported. These changes would increase the balance of the Unemployment Insurance Trust Fund.

ASSUMPTION (continued)

Based on data from the U.S. Bureau of Labor Statistics, the average weekly wage for an employed Missourian is \$920, and the average tenure of an employee over age 25 is 5.0 years. During the 12-month period ending June 30, 2019, DOLIR made 73,347 initial payments.

Using the average weekly unemployment payment of \$264.56, and the assumptions that severance payments would be made on a weekly basis at the common method of calculation of one week's pay per year of service and that up to 5% of employers make severance/termination payments, a savings of \$0 to \$4,851,171 is estimated for the Unemployment Insurance Trust Fund.

Calculation of UI Trust Fund Savings Estimate	
Average weeks of severance/termination pay	5.0
X Average unemployment payment	\$264.56
Total severance/termination payments per claimant	\$1,322.80
Initial payments – 1 year	73,347
X 5% Claimants receiving severance/termination payments	3,667.35
Total payments per claimant	\$1,322.80
X Claimants receiving severance/termination pay	3,667.35
Estimated highest savings for Unemployment Trust Fund	\$4,851,171

**A change in any of the variables used in this calculation will result in an impact higher or lower than the estimate provided in this document.*

Section 288.036 is amended to change the cross-reference in subdivision (7) of subsection 1. The amendment does not create a substantial change to the current law.

DOLIR also stated if the number of individuals receiving benefits increases or decreases from current claim levels, the estimated amount of UI benefits not paid from the trust fund would also increase or decrease accordingly.

ASSUMPTION (continued)

ITSD Impact:

This proposal will require a new batch job to be written to calculate automation adjustment percentage, amount and post it to employers account. Correspondence needs to be modified to notify the employers regarding automation adjustment amount and due date etc. Annual rate batch needs to be modified to lower down the contribution rate of employers who paid automation adjustment based on business rules. New tables need to be created to store unemployment automation fund and each employer's contribution towards it. It also includes changes to Termination and Severance Pay which is impacting several areas in the application.

Oversight notes that DOLIR stated that they would have to make change to the its programming within the Unemployment Insurance IT structure, where rules related to Maximum Benefit Amount calculation and Severance Pay would have to be changed forward. DOLIR estimates the proposal would create one time expense within FY2021 in amount of \$44,955 (405 hours x \$111).

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal would have a fiscal impact less than \$100,000 but could change depending upon how many employees are eligible to receive a benefit payment which varies throughout any given year. The MDC must and does comply with the Unemployment Compensation laws.

In response to the similar proposal SB 680 (2020) Officials from **Office of Administration** assumed that this proposal could lower unemployment benefit costs for employers by adding severance and termination pay to the definition of wages, which would reduce the weekly benefit amounts received by some claimants. However, the Office of Administration assumes this bill would have no impact to the Office of Administration or other state agencies that do not provide severance or termination pay. The threshold balance of the Trust Fund is required to be met to trigger a discount for employers.

Oversight notes the state government and larger municipal governments would not be impacted; however, smaller municipalities may be impacted (an increase in the threshold balance required to receive the discount may reduce the discounts received by smaller political subdivisions). Oversight is unable to determine the potential cost to employers that would be a result of this proposal; therefore, Oversight will reflect a zero to potential unknown negative impact to smaller local political subdivisions.

ASSUMPTION (continued)

§288.132 & §288.133 - Employer Contribution - Automation Adjustments

In response to the similar proposal SB 691 (2020) officials from **Department of Labor and Industrial Relations** stated:

Division of Employment Security (DES):

Section 288.133 of the proposal would require each employer that is liable for contributions to pay an annual unemployment automation adjustment of fifteen one-thousands of one percent of the employer's total taxable wages for the twelve-month period ending the preceding June thirtieth. The total adjustment due from all employers is not to exceed five million dollars.

In addition, for the first calendar quarter of each year, the total amount of tax contributions otherwise due for each employer liable for contributions shall be reduced by the dollar amount of the automation adjustment.

Taxable wage for period ending June 30, 2019: \$ 25,048,675,452 X 0.015% = \$3,757,301.

Oversight notes the collection of wages could potentially exceed the amount projection given above, in times of robust economic activity within the labor market; however, section 288.132. 2 only allows up to \$5 million collection into the Automation Trust Fund. Therefore, Oversight will note the maximum amount allotted (\$5,000,000) for the purpose of this note.

ITSD:

A new batch job needs to be written to calculate automation adjustment percentage, amount and post it to each employer's account. Correspondence needs to be modified to notify the employers regarding automation adjustment amount and due date, etc. Annual rate batch needs to be modified to lower down the contribution rate of employers who paid automation adjustment based on business rules. New tables need to be created to store unemployment automation fund and each employer's contribution towards it.

ITSD services will be required at a cost of \$22,537 (203.04 hours x \$111 per hour) in FY 2020.

The Department anticipates being able to absorb the implementation costs, including ITSD costs through a current UI maintenance agreement and existing funds. However, until the FY 2020 budget is final, the Department cannot identify specific funding sources.

ASSUMPTION (continued)

Oversight notes for this bill, ITSD assumes they will contract out the programming changes needed to update automation adjustment percentage, contribution rate of employers, and to create tables for unemployment automation fund. ITSD estimates the project would take 203.04 hours at a contract rate of \$111 per hour for a total cost to the state of \$22,537. Oversight notes that DOLIR has an existing maintenance contract that is paid by the Unemployment Compensation Administration Fund, supplemented by the Unemployment Automation Fund as funds are available.

In response to the similar proposal, SB 691 (2020), Official from the **Boone County** assumed the proposal would have fiscal impact of \$5,000 per year. Officials further explain the estimated is derived by multiplying its payroll by 15 one thousandths of one percent for 2019 year.

Oversight notes subsection 288.133.4 states that there shall be an offsetting reduction due from each employer liable to pay contributions under chapter 288. Therefore, Oversight will assume the proposal will net to zero fiscal impact to local political subdivisions.

§290.502 - Exemption of certain Schools from minimum wage laws

Oversight requested response from many organizations but not many responded. From those organizations which did responded, all assumed the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this section.

Bill as whole:

Officials from the **Attorney General's Office, Office of Administration -AHC, Missouri Lottery, Department of Mental Health, Department of Social Services, Missouri Department of Transportation, Missouri Department of Transportation - PERS, Missouri State Tax Commission, Missouri Senate, Missouri Ethics Commission, Missouri State Employee Retirement System, Department of Elementary and Secondary Education, Office of Administration - Budget & Planning, Missouri Consolidated Health Care Plan, Department of Higher Education and Workforce Development, Department of Public Safety - State Emergency Management Agency, Department of Public Safety - Missouri, National Guard, Department of Public Safety - Fire Safety, Department of Public Safety - Missouri Gaming Commission,**

ASSUMPTION (continued)

Department of Public Safety - Capital Police, Joint Committee on Public Employee Retirement, Department of Public Safety - Office of Director, and Department of Public Safety Alcohol & Tobacco Control.

Oversight notes that the above agencies have each stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary; Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from **Office of Prosecution Services** assume the proposal would have no measurable fiscal impact on their respective organization.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other state organizations, local political subdivisions, schools, cities, all state emergency organizations, cities, counties, and their respective governments were requested to respond to this proposed legislation but did not.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Cost</u> - due to §287.067 & §287.069 - potential increase in workers compensation claims for occupational diseases of first responders for state agencies p. 6	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - due to §287.067 & §287.069 - AGO potential increase in workers compensation claims for occupational diseases of first responders p. 5			
Salaries	(\$185,400)	(\$224,705)	(\$226,952)
Fringe Benefits	(\$99,971)	(\$120,705)	(\$121,451)
Expense & Equipment	(\$65,945)	(\$38,794)	(\$39,764)
Total Cost - AGO	(\$351,316)	(\$384,204)	(\$388,167)
FTE	4 FTE	4 FTE	4 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>More than</u> <u>(\$351,316)</u>	<u>More than</u> <u>(\$384,204)</u>	<u>More than</u> <u>(\$388,167)</u>
Estimated Net FTE Change to the General Revenue p .4	4 FTE	4 FTE	4 FTE
WORKER'S COMPENSATION FUND (652)			
Increased Worker's Compensation Claims §287.067 & §287.069 - various state agencies p .5	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE WORKER'S COMPENSATION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023
UNEMPLOYMENT COMPENSATION TRUST FUND			
<u>Savings</u> - §287.036 - Severance Pay p. 7, 8	\$0 to \$4,042,642	\$0 to \$4,851,171	\$0 to \$4,851,171
ESTIMATED NET EFFECT ON THE UNEMPLOYMENT COMPENSATION TRUST FUND	\$0 to <u>\$4,042,642</u>	\$0 to <u>\$4,851,171</u>	\$0 to <u>\$4,851,171</u>
UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND (0948)			
<u>Cost</u> - 288.136 DOLIR Expense - IT Consultant p. 9	(\$44,955)		
Cost - 288.132 & 288.133 DOLIR Expense - IT Consultants p. 11	\$0 up to <u>(\$22,537)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND (0948)	<u>(\$0 up to \$67,492)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023
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UNEMPLOYMENT AUTOMATION FUND (0953)

Transfer In - §288.132 & §288.133- DOLIR From Federal Unemployment Trust Fund p. 10	Up to <u>\$5,000,000</u>	Up to <u>\$5,000,000</u>	Up to <u>\$5,000,000</u>
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ESTIMATED NET EFFECT ON THE UNEMPLOYMENT AUTOMATION FUND (0953)	Up to <u>\$5,000,000</u>	Up to <u>\$5,000,000</u>	Up to <u>\$5,000,000</u>
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UNEMPLOYMENT TRUST FUND

Transfer Out- §288.132 & §288.133- DOLIR From Federal Funds	Up to <u>(\$5,000,000)</u>	Up to <u>(\$5,000,000)</u>	Up to <u>(\$5,000,000)</u>
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ESTIMATED NET EFFECT ON UNEMPLOYMENT TRUST FUND	Up to <u>(\$5,000,000)</u>	Up to <u>(\$5,000,000)</u>	Up to <u>(\$5,000,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	<u>FY 2021</u> (10 Mo.)	<u>FY 2022</u>	<u>FY 2023</u>
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POLITICAL SUBDIVISIONS

Cost -§287.067 & §287.069 - potential increase in workers compensation claims for occupational diseases of first responders	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT TO THE POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

§285.050 - Employers may refuse to accommodate employee use of marijuana in the workplace

This proposal may impact small businesses that choose to perform drug tests on their employees or new hires.

§285.075 - Voluntary agreement entered into between the United States Department of Labor and a franchisee or a franchiser

This proposal will not have a fiscal impact on small businesses.

§287.036 & §288.060 - Workers Compensation - Unemployment Compensation

There are over 156,000 small businesses covered by Missouri's unemployment insurance system. Changes to Missouri's unemployment insurance laws have the potential to increase or decrease the amount of unemployment taxes small businesses pay depending on the state's average unemployment rate. This bill also raises the thresholds that trigger negative tax rate adjustments, which lower employers' tax rates only if the Unemployment Trust Fund is sufficiently funded.

§288.132 & §288.133 - Employer Contribution - Automation Adjustments

This proposal will not have a fiscal impact on small businesses.

§290.502 - Exemption of certain Schools from minimum wage laws

This bill defines "private schools" as any non-public school or school operated by a religious organization and specifies that private schools shall not be required to increase their minimum wage annually as required by current law.

This proposal will not have a fiscal impact on small businesses.

FISCAL DESCRIPTION

§285.050 - Employers may refuse to accommodate employee use of marijuana in the workplace

FISCAL DESCRIPTION (continued)

This act provides that an employer may refuse to accommodate the use of marijuana on its premises for any use described in Article XIV of the Missouri Constitution. The act further provides that an employer may institute a random drug-testing policy. Receipt of a positive drug test for marijuana may be considered grounds for dismissal in the case of an employee or, in the case of a prospective employee, refusal of employment (§285.050).

The proposed legislation appears to have no direct fiscal impact.

§285.075 - Voluntary agreement entered into between the United States Department of Labor and a franchisee or a franchisor

Under this act, neither a franchisee nor a franchisee's employees shall be considered employees of a franchisor for any purpose unless the franchisor exercises direct and immediate control over the hiring, termination, discipline, and direction of the employees of a franchisee.

The proposed legislation appears to have no direct fiscal impact.

§287.036 & §288.060 - Workers Compensation - Unemployment Compensation

Sections 288.036 and 288.060 will change the methodology used by the Division of Employment Security (DES) to calculate unemployment benefits for Missourians, which could change the amount of unemployment benefit payments made to claimants.

Section 288.036.1 stipulates that termination pay and severance pay shall be considered wages for the week with respect to which it is payable. The change in Section 288.060.3 removes an existing provision stating termination pay and severance pay shall not be considered as wages for the calculation of partial benefits.

Applied together, these changes will require claimants to report termination pay and severance pay as wages for each week it is payable. Wages from severance pay, when paid as a lump sum, will be pro-rated on a weekly basis at the rate of pay received by the employee at the time of separation.

For weeks in which an otherwise eligible claimant reports termination pay and severance pay, the claimant will be entitled to either a reduced weekly benefit payment or no weekly benefit payment, depending on the amount of the termination pay and severance pay reported. These changes would increase the balance of the Unemployment Insurance Trust Fund.

FISCAL DESCRIPTION (continued)

§288.132 & §288.133 - Employer Contribution - Automation Adjustments

This sections provide that any employer required to make contributions under the unemployment compensation laws shall pay an annual unemployment automation adjustment equal to .015% of its total taxable wages for the twelve-month period ending the preceding June 30th. The Division of Employment Security is permitted to lower this rate under certain circumstances.

§290.502 - Exemption of certain Schools from minimum wage laws

This section defines "private schools" as any non-public school or school operated by a religious organization and specifies that private schools shall not be required to increase their minimum wage annually as required by current law.

The proposed legislation appears to have no direct fiscal impact.

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

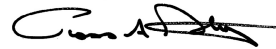
Attorney General's Office, Office of Administration -AHC
Missouri Lottery, Department of Mental Health, Department of Social Services
Missouri Department of Transportation
Missouri Department of Transportation - MPERS
Missouri State Tax Commission
Missouri Senate, Missouri Ethics Commission
Missouri State Employee Retirement System,
Department of Elementary and Secondary Education
Office of Administration - Budget & Planning
Missouri Consolidated Health Care Plan
Department of Higher Education and Workforce Development,
Department of Public Safety - State Emergency Management Agency
Department of Public Safety - Missouri National Guard
Department of Public Safety - Fire Safety
Department of Public Safety - Missouri Gaming Commission
Department of Public Safety - Capital Police

SOURCES OF INFORMATION (continued)

Joint Committee on Public Employee Retirement
Department of Public Safety - Office of Director
Department of Public Safety Alcohol & Tobacco Control
Joint Committee on Administrative Rules
Department of Corrections
Department of Revenue



Julie Morff
Director
May 1, 2020



Ross Strobe
Assistant Director
May 1, 2020