

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4176-02
Bill No.: HB 1757
Subject: Business and Commerce; Department of Public Safety; Motels and Hotels; Labor and Management
Type: Original
Date: March 11, 2020

Bill Summary: This proposal requires certain service-industry employees to receive training on detecting and reporting human trafficking.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|--------------------------------|-------------------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| Colleges and Universities | \$0 | (Could exceed \$83,000) | \$0 or (Unknown) |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | (Could exceed \$83,000) | \$0 or (Unknown) |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| | | | |
| | | | |
| 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 2021 | FY 2022 | FY 2023 |
| Local Government | \$0 | (Unknown) | \$0 or (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

§595.123 - Training on detecting and reporting human trafficking

Officials from the **Department of Transportation (MoDOT)** state this bill would potentially have an unknown negative fiscal impact on MoDOT. This bill will require all employers to provide human trafficking training to all employees “likely to interact or come into contact with victims of human trafficking”, as that term is defined in the bill. This training is required for all current and new employees and also requires refresher training on an ongoing basis.

Oversight notes the definition of ‘employer’ in §595.120.2 does include “Roadside rest areas”, so MoDOT may be impacted. However, Oversight assumes MoDOT would not incur a material cost to train their employees that periodically perform work at rest areas. Therefore, Oversight will not reflect a cost to MoDOT.

Oversight notes the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety - Director’s Office**, the **Department of Social Services**, and the **Office of Administration** have each stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **City of Kansas City** state Kansas City operates an airport through its Aviation Department and, therefore, falls under the definition of "employer" in Section 595.120, RSMo, referenced in this legislation. Therefore, this legislation would require Kansas City to train its employees on trafficking. It is not clear from the legislation whether Kansas City would have to train only its Aviation Department employees or all its City employees. The cost of this legislation would be in staff time in providing and receiving the training and in software to track such training. There may also be the expense of hiring a consultant to provide such training. Were language added at the end of Section 595.123.01 stating that the provisions of the section did not apply to political subdivisions than this legislation would have no fiscal impact on Kansas City.

ASSUMPTION (continued)

In response to a similar proposal from 2019 (HB 480), officials from the **St. Louis Lambert International Airport** stated the airport has 539 employees employed by the City of St. Louis. The average hourly rate, including benefits, is \$37.20. The airport assumes at least one hour will be needed per employee to allow the employee time to get to and from training plus at least 20 minutes of classroom time. If the airport has to train all employees, the cost would be approximately \$20,051 annually ($539 * \37.20). If only the employees that have contact with the public are required to be trained, this would effect about 50 employees at a cost of approximately \$1,860 annually ($50 * \37.20). This estimate does not include the time to develop the training/purchase a training module or any instructor costs.

Oversight notes these cost estimates are only for the City of Kansas City and the St. Louis Lambert International Airport. Oversight assumes training can be held at the beginning or end of a shift to help minimize costs.

Officials from the **City of Springfield** state there is a negative fiscal impact to the City of Springfield. The exact impact depends on the number of employees that require training on a year-to-year basic, but the impact is expected to be less than \$20,000 per year for an expert to prepare and provide training.

Officials from the **University of Missouri Healthcare System (MU)** anticipate a significant financial impact of an approximate \$83,000 one-time cost.

Oversight will reflect a potential cost to Colleges and Universities as described by MU.

Oversight notes the impact for the cities of Kansas City and Springfield, and the St. Louis Lambert International Airport. Oversight is unable to project a statewide cost; therefore, the impact to local governments-political subdivisions will be presented as (Unknown) in FY 2022 (training shall be provided by January 1, 2022) and present the impact as \$0 or (Unknown) in FY 2023 (training may, after January 1, 2022, provide training once every two years).

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other hospitals were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2021 (10 Mo.) | FY 2022 | FY 2023 |
|---|---------------------|---------|---------|

COLLEGES AND UNIVERSITIES

| | | | |
|---|------------|-----------------------------------|----------------------------|
| Cost - training required under §595.123.2 | <u>\$0</u> | Could exceed <u>(\$83,000)</u> | \$0 or <u>(Unknown)</u> |
|---|------------|-----------------------------------|----------------------------|

| | | | |
|--|-------------------|---|--------------------------------|
| ESTIMATED NET EFFECT TO COLLEGES AND UNIVERSITIES | <u>\$0</u> | Could exceed <u>(\$83,000)</u> | <u>\$0 or (Unknown)</u> |
|--|-------------------|---|--------------------------------|

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2021 (10 Mo.) | FY 2022 | FY 2023 |
|---|---------------------|---------|---------|

POLITICAL SUBDIVISIONS

| | | | |
|--|------------|------------------|-------------------------|
| Costs - (§595.123) Increase in training and consultant costs | <u>\$0</u> | <u>(Unknown)</u> | <u>\$0 or (Unknown)</u> |
|--|------------|------------------|-------------------------|

| | | | |
|---|-------------------|-------------------------|--------------------------------|
| ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS | <u>\$0</u> | <u>(Unknown)</u> | <u>\$0 or (Unknown)</u> |
|---|-------------------|-------------------------|--------------------------------|

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill provides that an employer at any of the types of establishments specified in the bill must, by January 1, 2021, provide to each employee likely to encounter or interact with a victim of human trafficking at least 20 minutes of interactive training and education regarding human trafficking awareness. The training must be provided to each employee employed as of July 1, 2021, and within six months to any new employee.

After January 1, 2022, such training may be provided once every two years and within six months of any new employee's employment if that employee is likely to encounter or interact with a victim of human trafficking. The bill specifies the minimum information the human trafficking awareness training must include.

FISCAL DESCRIPTION (continued)

If an employer fails to comply with the provisions in the bill, the Department of Public Safety may seek an order requiring the employer to comply.

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 Commerce and Insurance
Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Public Safety
Department of Social Services
Department of Transportation
City of Kansas City
City of Springfield
St. Louis Lambert International Airport
University of Missouri Healthcare System



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March 11, 2020



Ross Strobe
Assistant Director
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