

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1365-01
Bill No.: HB 876
Subject: Employees - Employers; Labor and Management; State Departments
Type: Original
Date: April 26, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(\$43,681)	(\$52,017)	(\$53,366)
Total Estimated Net Effect on General Revenue Fund	(\$43,681)	(\$52,017)	(\$53,366)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
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 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Office of the Secretary of State (SOS)** assume the proposal would provide standards and practices for all labor unions operating in the state. The Department of Labor and Industrial may promulgate rules to carry out this bill. This bill also requires the Department of Labor and Industrial Relations to promulgate rules for simplified financial reports for labor organizations. Those rules would be published in both the Missouri Register and Code of State Regulations. These rules may require as many as approximately 12 pages in the Code of State Regulations and 18 pages in the Missouri Register because cost statements, fiscal notes and the like are not repeated in Code. The estimated cost of a page in the Missouri Register is \$23, and the estimated cost of a page in the Code of State Regulations is \$27.

$((12 \times \$27) + (18 \times \$23) = \$738)$

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTIONS (continued)

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposal would put additional duties on DOLIR, including serving as custodian of the constitution, bylaws, and personal financial disclosure statements of officers and employees of labor organizations, bond experience records of labor organizations and annual financial reports for every labor organization in the state. DOLIR would have authority to formulate rules to prescribe the contents of the financial reports, the inspection and examination of the information submitted in reports, fees for providing copies of reports, bonding requirement, and guidelines for trusts the labor organization may have. In addition, DOLIR would have authority to investigate violations of the law and bring a civil action against anyone alleged to have violated the law.

DOLIR assumed that current department staff could absorb the rulemaking and support duties, and that the records can be maintained in current space. DOLIR also stated there would be a need for one full time Investigator III to draft the rules and perform the investigations. The Office of the General Counsel could absorb the civil actions for the first year as there should be very few as the investigations will not have fully commenced. The second year a part time attorney would be needed to handle the civil actions.

DOLIR provided an estimated cost of \$51,297 for FY 2006, \$96,914 for FY 2007, and \$99,403 for FY 2008 for the additional FTE and related benefits, and expense and equipment expenditures.

Oversight assumes the DOLIR could absorb the rulemaking and support functions for the first fiscal year (FY 2006) of operations, and that one FTE Investigator III would be needed the second and following years to review information submitted by labor organizations and to conduct investigations of alleged violations. Oversight assumes that existing attorneys could absorb any needed civil actions for the years included in this fiscal note. If unanticipated costs arise, or if multiple proposals are approved increasing DOLIR responsibilities, those needs could be addressed through the budget process. Oversight has, for fiscal note purposes only, changed the starting salary for the new position to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also adjusted estimated benefits and expense and equipment expenditures in accordance with Office of Administration Budget guidelines.

ASSUMPTIONS (continued)

Officials from **Office of State Courts Administrator, Central Missouri State University, Missouri Western State College, Southwest Missouri State University, and Nodaway County** assume the proposal would have no impact on their organizations.

Officials from the **University of Missouri** stated they could not determine the financial impact of the proposal.

Officials from the **Metropolitan Community Colleges** stated the impact of the proposal would be difficult to determine, but could easily range from \$200,000 to \$250,000 per year.

Oversight assumes the proposal would have no fiscal impact on state agencies other than the Department of Labor and Industrial Relations, or on colleges and universities since it does not impose any additional duties on those organizations.

Officials from the **Office of the Attorney General, the Office of Administration, and the Department of Corrections** did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Cost - Labor and Industrial Relations</u>			
Personal Service	(\$23,550)	(\$29,459)	(\$30,195)
Fringe Benefits	(\$10,046)	(\$12,567)	(\$12,881)
Expense and Equipment	<u>(\$10,085)</u>	<u>(\$9,991)</u>	<u>(\$10,290)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$43,681)</u>	<u>(\$52,017)</u>	<u>(\$53,366)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would create in Missouri law a set of provisions for public sector employees that mirrors the Landrum-Griffin Act provisions of the National Labor Relations Act.

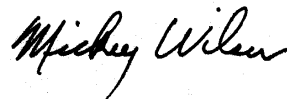
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Office of the Secretary of State
Department of Labor and Industrial Relations
Central Missouri State University
Missouri Western State College
Southwest Missouri State University
University of Missouri
Nodaway County
Metropolitan Community Colleges

NOT RESPONDING

Office of the Attorney General
Office of Administration
Department of Corrections



Mickey Wilson, CPA
Director
April 26, 2005