

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4437-02  
Bill No.: HCS for HB 1465  
Subject: Courts; Employees - Employers; Labor and Industrial Relations Dept.; Labor and Management  
Type: Original  
Date: April 11, 2006

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**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>         |                |                         |                         |
|-------------------------------------------------------------|----------------|-------------------------|-------------------------|
| <b>FUND AFFECTED</b>                                        | <b>FY 2007</b> | <b>FY 2008</b>          | <b>FY 2009</b>          |
| General Revenue *                                           | \$0            | \$0 to (Unknown)        | \$0 to (Unknown)        |
|                                                             |                |                         |                         |
| <b>Total Estimated Net Effect on General Revenue Fund *</b> | <b>\$0</b>     | <b>\$0 to (Unknown)</b> | <b>\$0 to (Unknown)</b> |

\* Unknown expected to be less than \$100,000.

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                |                |                |
|---------------------------------------------------------------|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                          | <b>FY 2007</b> | <b>FY 2008</b> | <b>FY 2009</b> |
|                                                               |                |                |                |
|                                                               |                |                |                |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                          |                |                |                |
|-----------------------------------------------------------------------|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                                  | <b>FY 2007</b> | <b>FY 2008</b> | <b>FY 2009</b> |
|                                                                       |                |                |                |
|                                                                       |                |                |                |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>Federal Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--------------------------------------------|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2007</b> | <b>FY 2008</b> | <b>FY 2009</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

### **FISCAL ANALYSIS**

#### **ASSUMPTIONS**

Officials from **Office of State Courts Administrator** and the **Office of Administration, Division of Personnel** assumed a previous version of the proposal would have no fiscal impact on their organizations.

Officials from the **Office of the Secretary of State** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$1,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

### ASSUMPTIONS (continued)

Officials from the **Department of Labor and Industrial Relations** (DOLIR) assumed a previous version of the proposal would impose additional duties on the department including serving as the custodian of the constitution, bylaws, personal financial disclosure statements of officers and employees of labor organizations; bond experience records of the labor organizations; and annual financial reports for every labor organization in the state. The department is given the 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, the bonding requirement and guidelines for trusts the labor organization may have. In addition, the department is given the authority to investigate all allegations of violations of this law and bring a civil action against anyone alleged to have violated the new sections.

The number of organizations which would be subject to regulation and review as a result of this proposal is unknown. Therefore the number of reports which would need to be reviewed, the number and type of complaints which would be received, the number of investigations which would be required, and the number of enforcement activities which would be required can not be determined.

DOLIR assumes current staff can absorb the rulemaking support duties, and the records can be maintained in current space. There would be a need for one full time Investigator III to draft the rules and perform the investigations, and the Office of the General Counsel would need a part time attorney to handle the civil actions.

The beginning salary for the Investigator III position is \$33,792. The position would be required to travel to conduct investigations. Travel expenses were based on 2005 expenditures for department investigators in similar positions.

The beginning salary for an attorney is \$48,000. The Department assumes this position would be part-time.

DOLIR provided an estimated cost of \$82,800 for FY 2007, \$97,873 for FY 2008, and \$100,372 for FY 2009 for the additional FTE and related benefits, and expense and equipment expenditures.

ASSUMPTION (continued)

**Oversight** assumes the DOLIR could absorb the rulemaking and support functions for the first fiscal year (FY 2007) of operations, and that existing attorneys could absorb any needed civil actions for the years included in this fiscal note. Oversight assumes that additional staff could be needed the second and following years to review information submitted by labor organizations and to conduct investigations of alleged violations. Oversight assumes the total cost to DOLIR would not exceed \$100,000 per year.

|                                         |                     |         |         |
|-----------------------------------------|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2007<br>(10 Mo.) | FY 2008 | FY 2009 |
|-----------------------------------------|---------------------|---------|---------|

**GENERAL REVENUE FUND**

|                                                |            |                                   |                                   |
|------------------------------------------------|------------|-----------------------------------|-----------------------------------|
| <u>Cost</u> - Labor and Industrial Relations * | <u>\$0</u> | <u>\$0 to</u><br><u>(Unknown)</u> | <u>\$0 to</u><br><u>(Unknown)</u> |
|------------------------------------------------|------------|-----------------------------------|-----------------------------------|

|                                                           |                   |                                                 |                                                 |
|-----------------------------------------------------------|-------------------|-------------------------------------------------|-------------------------------------------------|
| <b>ESTIMATED NET EFFECT ON<br/>GENERAL REVENUE FUND *</b> | <u><b>\$0</b></u> | <u><b>\$0 to</b></u><br><u><b>(Unknown)</b></u> | <u><b>\$0 to</b></u><br><u><b>(Unknown)</b></u> |
|-----------------------------------------------------------|-------------------|-------------------------------------------------|-------------------------------------------------|

\* Unknown expected to be less than \$100,000.

|                                         |                     |         |         |
|-----------------------------------------|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2007<br>(10 Mo.) | FY 2008 | FY 2009 |
|-----------------------------------------|---------------------|---------|---------|

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| <u><b>\$0</b></u> | <u><b>\$0</b></u> | <u><b>\$0</b></u> |
|-------------------|-------------------|-------------------|

FISCAL IMPACT - Small Business

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

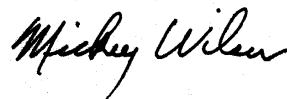
### DESCRIPTION

This proposal would require financial disclosure to the Department of Labor and Industrial Relations for Missouri labor unions not currently subject to federal financial regulation, and 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  
Office of Administration  
Division of Personnel  
Department of Labor and Industrial Relations



Mickey Wilson, CPA  
Director  
April 11, 2006